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Magazin

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FUTURE

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CONTROLLING INTERNATIONAL

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in Controlling

Multiple planning  
ambidexterity

Impact of Artificial  
Intelligence

Mat.-Nr. 01450-5937





**Conrad  
Günther**

Chief editor and publisher



**Hans-Peter  
Sander**

ICV Communications Team

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## Dear readers,

Is our world falling apart? - Global conflicts, climate change, technological quantum leaps - the term "turning point" is justified. In these times, controlling plays a very important role, and the far-reaching dynamics are reflected in a wide range of red-hot topics: from pricing, planning, sustainability to the fight for talents.

This year's magazine shows how the controlling community is dedicated to the diverse challenges. It shows once again how important know-how transfer, exchange of experience and networking are, which have a reliable basis in the International Association of Controllers ICV.

We would like to thank all authors who, with their contributions, provide this impressive overview of how controlling is approaching the new era. Despite all the drama and the currently immense challenges, we are well advised to strengthen cohesion, cultivate cooperation and friendships – and also be inspired by the Australian mentality, which we present in this issue: "No worries, mate"!

**We wish you an interesting and stimulating read!**

**Conrad Günther,**  
Chief editor and publisher

**Hans-Peter Sander,**  
ICV Communications Team

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#### **Advertising sales manager**

Thomas Horejsi, Tel. +49 (0)931 27 91-541, thomas.horejsi@haufe-lexware.com

#### **Advertising sales**

Annette Förster, Tel. +49 (0)931 27 91-544, annette.foerster@haufe-lexware.com

#### **Advertising coordination**

Jonas Miller, Tel. +49 (0)931 27 91-457, jonas.miller@haufe-lexware.com

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Hans-Peter Sander, hp.sander@eastwestcom.net, Diessen/Ammersee

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# 47th Congress of Controllers: “New Era in Management and Controlling”



Controlling plays a very important role in such dynamic, uncertain times we are currently experiencing. The 47th Congress of Controllers 2023 made this very clear. The largest controlling conference

in Europe covered the far-reaching dynamics by addressing red-hot topics in Munich, from inflation to planning and sustainability. Two movements have become clear, summarized ICV chairman Prof. Dr. Heimo Losbichler after the congress: On the one hand, developments such as climate change lead to long-term transformation, while at the same time short-term reactions are required, including ongoing price adjustments due to inflation.

On the subject of probable focal points for the next 48th Congress of Controllers on 29./30. April 2024, Losbichler emphasized in an interview the latest digitization solutions. With developments such as ChatGPT, the topic of AI has experienced even greater dynamism. He also mentioned talent management, HR controlling in view of the increasing shortage of skilled workers, and planning. ■

## ICV General Assembly 2023

The ICV is well positioned in every respect: the numbers are right and officials, who often serve for many decades, find successors who are happy to continue their voluntary work. They include young people who enrich the ICV.

ICV chairman Prof. Dr. Heimo Losbichler recalled the great relief of finally being able to offer face-to-face events again without restrictions. The ICV continues to offer the ICV live webinars in addition to the face-to-face events. With them, controllers are quickly

and easily updated online all year round on a wide range of topics. Losbichler also reported an impressive number: last year, 24 companies signed up for new company membership in the ICV. The total number now exceeds 250 – more than ever before.

An insight into the work of the Board of Trustees was provided by its chairman Prof. Dr. Utz Schäffer. ICV Managing Director Carmen Zillmer presented the business development of the ICV in figures.

The gathering was rounded off traditionally with numerous awards. In addition to a large number of attendees holding 20-year memberships, several members who have been in the ICV for 30 and 40 years were invited onto the stage. ■

## Green Controlling Award: Protecting the planet starts with controlling



The path to CO2 neutrality begins in the area of finance. With the winning project “**Combining Planet & Profit**” of the Green Controlling Award 2022, Heraeus Precious Metals shows an exemplary transformation path. Starting in controlling, it spreads to the entire business area and later, in line with the project’s goal, to the entire industry. The Green Controlling Award, worth EUR 10,000, is presented annually by the Péter Horváth Foundation in cooperation with the International Association of Controllers. ■

## ICV Newcomer Award 2022 for Ayse Kötemen



The ICV Newcomer Award 2022 went to **Ayse Kötemen**. The graduate of the University of Duisburg-Essen (Mercator School of Management) worked out the central challenges for successful implementation of predictive analytics applications in controlling. In her analysis, Ayse Kötemen uncovered the reasons for the high degree of failure of these applications in controlling.

The runner-up in the competition for the ICV Newcomer Award 2022 was **Kea Wassermann** from the Nordakademie Graduate School. Third-placed winner was **Frederick Thönig**. His Master’s thesis is devoted to the topic of “Increasing efficiency in accounts receivable management using robotic process automation: A process analysis using the example of Reiss Kälte-Klima GmbH & Co. KG”. ■

## ICV Controlling Excellence Award 2023: Finance department a trustworthy strategic advisor



ICV Chairman Prof. Dr. Heimo Losbichler (on the left) and Head of the Jury Prof. Dr. Utz Schäffer (on the right) with the Winners of the ICV Controlling Excellence Award 2023, Controlling Team of Merck KGaA. Foto: Flo Huber

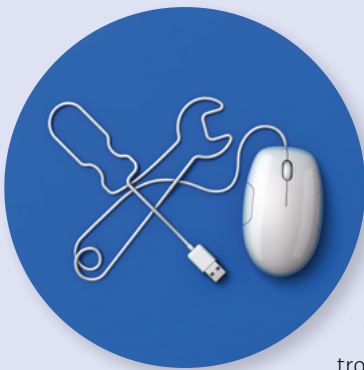
“Enabling High-Impact Culture in Financial Steering”. This is the title of the project by Merck KGaA, which won the renowned ICV Controlling Excellence Award 2023. The controlling team has internalized the company’s declared mission to promote the entrepreneurial thinking of every employee and has shaped the finance department into a trustworthy strategic advisor. In order to modernize financial processes and instruments, essential elements of bottom-up budget planning were eliminated. Decisions are now based on continuous forecasts and business priorities. Resource allocation remains flexible because it is independent of fixed budget schedules.

Other winning nominees included Henkel AG & Co. KGaA for the “Digital Roadmap for Group Financial Controlling” project, and TX Group AG for the project “Predictive Forecasting at TX Group AG. From Concept to Strategic Impact”. ■



On June 17th, this year's Annual General Meeting of the IGC took place at the Frankfurt School of Finance with active participation. Intensive discussions were held on the current state of controlling practices and the future development of controlling. Dr. Kim Dillenberger and Dr. Mladen Meter present excerpts from their presentations on the topics of process controlling excellence and the process of planning/budgeting in the digital age.

## Multiple planning ambidexterity – transformation challenge and tool kit



“Good planning is half the work” – really? At CPMC (Centre for Performance Management & Controlling) at Frankfurt School of Finance & Management, we conducted a benchmarking study on the digitalization of central controlling processes, including the planning process, in cooperation with Henkell Freixenet. The study results imply that controllers do have clear visions towards data-based decision making, but they still widely plan in a traditional manner. What is needed is not only the implementation of digital tools, but foremost a transformation of the process itself. I therefore call for a digital processual transformation.

At the IGC meeting, I introduced “multiple planning ambidexterity” (MPA) as transformation concept. In an organizational context, ambidexterity describes a company's ability to efficiently exploit the existing and flexibly explore the new. In planning processes, such ambidexterity generally makes it difficult to implement change. Based on the study results, I define five dimensions which clarify the challenge: manual vs digital, precise vs up-to-date, stable vs adaptive, detailed vs high-level, established vs novel planning.

While it is important to understand the challenge, focus should be less on the problem, and more on the solution. I therefore suggest turning the transformation challenge into a transformation toolkit.

### I propose a shift in focus. But how?

1. MPA may be used as a tool for analysis: Discuss the meaning of the divergent dimension poles (in your company), position on the dimension (starting point), and define the status quo (basis for discussion)
2. MPA may be used as a tool for goal formation: Clarify the to-be-state on the dimension (by defining the aspired position), decide on the direction of change (towards which of the poles) and identify synergies/tensions in the to-be state (through a general view of ambidexterity)
3. MPA may be used as a tool for performance control: Engage in continuous positioning on the dimensions (during the transformation process) and hold informed discussions on progress and potential challenges (through manifold insights)

This way, MPA can serve as a tool kit for the transformation start, goal, and path definition. At the IGC Meeting, we had the chance to try out MPA in group work. Learning by doing, it became clear that the upcoming planning transformation is radical, and therefore requires a fundamental analysis, as well as a new definition of the planning process (and tools). As such, MPA may guide the way in the digital processual transformation of planning in organizations. ■



**Dr. Kim L.  
Dillenberger**

Head of Transformation Management, Frankfurt School of Finance and Management; ICV Think Tank Coordinator



# Process controlling as the basis for lasting process excellence

As never before, the excellence of business processes has become extremely important to business success. Namely, in order to achieve good business results, it is necessary to fulfill expectations, or even better, delight our customers. In order to achieve this, we have at our disposal various approaches and technologies; from automation, process digitization and robotization, to the application of artificial intelligence. All the approaches and technologies mentioned are backed by excellent processes.

Excellent processes create numerous benefits:



Source: Horváth

When the processes are excellent, it is easier to achieve the right things (*“doing the right things”*) in a more efficient way (*“doing things right”*). Therefore, for the excellence of the process, it is necessary to take into account its quality, cost, and implementation time. In this context, the task of process controlling is to plan process goals well, assign them appropriate KPIs, measure their achievement, report on it, and then take appropriate corrective measures in accordance with the results of deviations. Given the importance of the topic, in Germany, Austria and Croatia, we conducted an international survey on process controlling Nov. 22 - Jan. 23 in these countries with 365 participants from all industries. The main conclusions:

► **Process orientation and implementation**

Has a (very) high significance for the participating companies. However, for many companies (>100), process orientation is only implemented to some extent.

► **Acceptance of process orientation by managers and employees**

A high level of acceptance is evident among managers and at the employee level, process orientation is much less accepted.

► **Process optimization and institutionalization**

Process optimization is one of the core applications of process orientation and many companies carry it out on a regular basis. Often an institutionalized approach is used and a team of experts is available to carry out the work. The topic is often on the agenda of the top management.

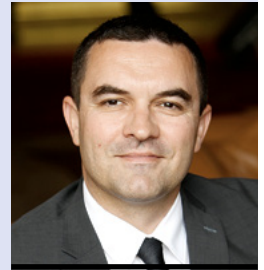
► **Process approaches**

The most common process approaches applied are Business Process Management (BPM) and Continuous Improvement Process (CIP) (>140). Less commonly applied process approaches include Lean, Six Sigma, PPM (<90).

► **Process controlling**

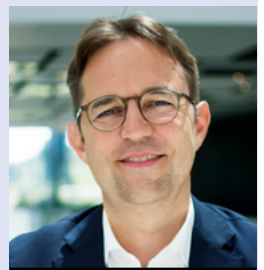
The effect of process controlling is often dominated by efficiency as well as improved corporate management (coordination, optimization). Customer orientation and the ability to innovate also play a role – but to a lesser extent.

According to the results of this international study, process controlling already has a high importance for many companies. However, there is also room for improvement in certain elements of process controlling since it can be assumed that the importance of process excellence and process controlling will continue to increase in the near future.



**Dr. Mladen Meter**

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



**Markus Brenner**

Controlling and Finance Consultant, Horváth AG



**Prof. Dr. Martin Tschandl**

Head of the Institute for Industrial Management at the FH JOANNEUM

# What a reunion – at the York company in Poznań

For the past three years the English-speaking ICV International Work Group has only met via Zoom because of Covid-19 in 2020 and 2021, and the Russian attack on Ukraine in 2022. But now the joint, finally analogue work started again in personal cooperation. On Thursday, March 30th, all 13 participants gathered at the hotel in Poznań, arriving by plane or car.



**Dr. Herwig R. Friedag**

Management Team  
ICV International  
Work Group, Berlin

The dinner together lasted a very long time. We had so much to tell each other – a circle of friends that had grown over the years. But also our new working group member Olga, who comes from Kiev in Ukraine, was immediately welcomed. Our international working group, like the EU, is growing together.

On Friday morning, according to our working group motto “come together, work together, learn together, develop together”, we went to our target company, the family company York, which won our tender. Together with eight colleagues from York, we set ourselves the task of producing ideas for York – ideas and possible solutions that will

then be further processed or implemented by York employees after our visit to Poznań at the end of the year. Filip Makowski, York CEO and co-owner, showed us around and introduced us to the company that produces cleaning supplies (see: <https://york.global/>). Especially in the production area, we were shown how to produce innovatively and sustainably.

*On Friday morning, according to our working group motto “come together, work together, learn together, develop together”, we went to our target company, the family company York, which won our tender.*



After getting to know each other personally, we exchanged views on the topics suggested by York. The choice fell on these topics: 1. Profitability analysis for (operative and strategic) projects; 2. Establishment of a responsible budget process; 3. Developing a contribution margin system for decision-making; 4. Strategy implementation to increase employee motivation.

Herwig Friedag reports: “Our workload (...) is around 10 days each, plus flight and travel expenses. Quite a lot, but it’s great to learn together and from each other. We are a great team, we have become real friends, we also meet up privately when we travel through Europe, and thus live up to our motto “we come together, we work together, we learn from each other, we develop together”.





Our four team leaders – Johannes Vollmer from the Netherlands, Axel Ehberger from Spain, Karol Sikora from Poland and Peter Janžekovič from Slovenia – a truly European team leader line-up – went with their employees, two other work group members and two York employees each, to a retreat and settled down to clarify organizational aspects:

- ▶ What are our team rules?
- ▶ When and how do we organize our six to eight virtual meetings by October?
- ▶ What does our work program look like?
- ▶ What will be our first focus areas?

Then a start was made on examining the technical questions and creating an initial working paper, which was then presented to the plenary session on Saturday and discussed. The highlight of the first meeting in Poznań was an evening together in a restaurant at York's invitation. A great atmosphere was enjoyed with a lot of laughter, conversation, and even technical discussions. At the last meeting on Saturday evening, our colleague from Warsaw joined us. What friends! On the second day

everyone, really everyone, presented the final presentations to the owners, to the CEO and his management team – followed by a discussion. Participation in the following two personal meetings is mandatory for all working group members.

In September 2023, we will meet for one day near Barcelona to present, comment on, and coordinate the results of the individual work teams. At the final meeting at the end of October at our target company York in Poznań, the individual work teams will put the finishing touches to their presentations.

According to our experience in previous projects (2015, 2016, 2017, 2018 and 2019), more than 50% of our ideas and solutions are implemented. (More: <https://www.icvcontrolling.com/de/arbeitskreise/international-work-group.html>) ■

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*Working together is a lot of fun. If you would like to join us next year, please contact our work group leader Dragana Mujanović, dragana.mujanovic.co@gmail.com*



# Controller and Pricing



Sparring with the goal of higher profitability



Dipl.-Ing. Dr. Klaus Eismayer

Member of the board of the CA Akademie AG, trainer, and consultant. He is a member of the board of the ICV – International Association of Controllers and the IGC – International Group of Controlling. [k.eismayer@ca-akademie.de](mailto:k.eismayer@ca-akademie.de)

Within the framework of an (existing) business model, pricing is of outstanding importance when it comes to improving the operating result. What a company does not generate in terms of earnings through pricing for a given sales volume can hardly be achieved through cost reductions. As controllers, we are not primarily responsible for pricing. We support the calculation, determine target contribution margins, and calculate the necessary target or minimum sales prices to cover costs and achieve a set profit target.

The sales prices are set in the sales and marketing departments or by the management. As economic advisors and sparring partners, it is the task of controllers to argue for sufficiently high sales prices and, above all, to ensure economic transparency. A salesperson must be aware of the extent to which, for example, a discount impacts the bottom line. This should prevent discounts from being given too lightly. Competence regulations or a contribution margin-oriented remuneration also have an important influence on this.

The “price flywheel” (Fig. 1) shows four influencing factors. At the bottom left are the costs that make a certain price necessary. Behind this are capacities, volumes, utilization rates, efficient service provision and lean overhead. Rising commodity prices due to energy and supply chain issues are also visible in this field. One’s own strategy influences this. Do we want to be a low-cost supplier (and can we be that), or do we win customers over with an outstanding performance that others cannot offer in this way. Both will be reflected in corresponding processes and costs. At the top left is the question of whether we know our customers and are able to meet their needs, or to put it more clearly: to solve their problems. And do this better and more sustainably than our competitors. If the price gap between us and our competitors becomes too large, this in turn puts pressure on our pricing structure.

Fig. 2 shows ways of improving results. **Costs** can be **reduced** temporarily by relocating to a country with lower costs. “Temporary” because competition will follow. For



Fig. 1: “Price Flywheel” of the CA

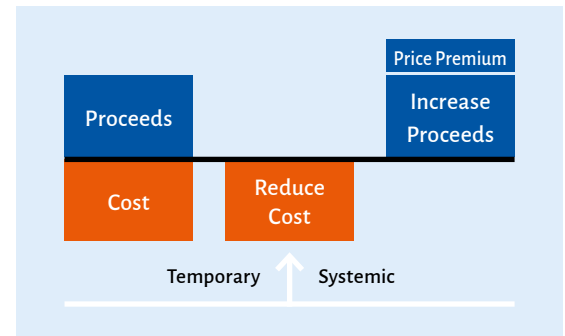


Fig. 2: Options for improving the result

example, the textile industry has moved production to China, Vietnam, Bangladesh, Myanmar and now Kenya. This sometimes involves buying into additional risks in supply security. “Systemic” means taking advantage of cost depression benefits because you are “the biggest”. Toyota and Volkswagen are in the lead, measured by vehicle sales. If one cannot or does not want to be the cost leader, the option remains to offer the customer a special added value and to take a **higher sales price** for it (price premium). The effect of a price increase (for the same sales volume)

		Cost Increase	Cost Reduction
Sales	1.000	+5,0%	1.050
Product cost	-500	-500	-5,0%
CM	500	550	525
Structural costs	-400	-400	-400
Result	100	150	125
<b>Improvement of Result</b>		<b>+50,0%</b>	<b>+25,0%</b>

Fig. 3: Preiserhöhung vs. Kostensenkung

The effect of a **price increase** (for the same sales volume) can be easily illustrated and thus also “sold” within the organization (Fig. 3). For this very reason, it is important that controllers also get involved in the topics of strategy and pricing and not just deal with costs and savings.

You can get higher net prices by increasing prices or by **reducing discounts**. In some cases, it is easier to reduce discounts than to increase selling prices. It is important that discounts are not given “lightly” just because the customer asks for them and the salesperson has the authority to do so. Fig. 4 shows an example, in which it can be clearly seen that discounts cluster at the “competence limits” of 5%, 10%, 15% and 20%. One could conclude that responsible staff obviously exhaust their competence margin on a regular basis. Here it would have to be examined whether we as a company receive a corresponding consideration from the customer, such as **larger order volumes**, or whether a salesperson just wanted to shorten the discussion. The thresholds presented are also unfavorable because they are



Fig. 4: Distribution of discounts

easy to see through. The competencies should rather be “odd” values and the jumps should be smaller, so better 4.8%, 9.2%, 13.7% and so on.

The quid pro quo can be **higher sales volumes**. Here, I often see that sellers underestimate the effect. In other words, the question of by how many percent sales must be increased to compensate for a certain discount. This ignores other changes such as a possible cost degression with higher volume. Fig. 5 shows that with a 10% price reduction, the quantity would have to be increased by 25%. With a 10% price increase, volume would likely decrease by 16.7% (all this at a 50% margin, i.e., in the middle column). A next step that is currently on the minds of many companies is the **expansion of existing business models**. From single sales to subscription models with recurring revenue. From a product to a product with a service component. Customer loyalty can be increased, via rental and leasing models. And here, too, **controllers** can act as **idea generators** and get involved as valuable project team members.

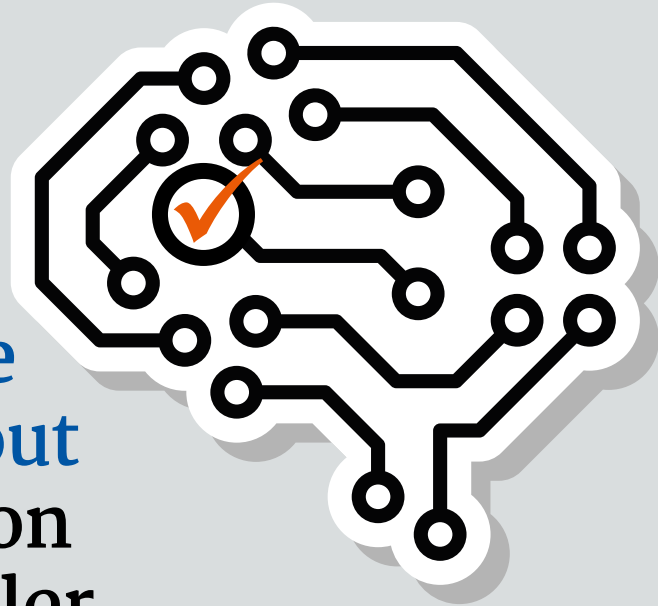
		Contribution Margin in % of Revenue		
		60%	50%	40%
Price Increase	+15%	-20,0%	-23,1%	-27,3%
	+10%	-14,3%	-16,7%	-20,0%
	+5%	-7,7%	-9,1%	-11,1%
Discount	-1%	+1,7%	+2,0%	+2,6%
	-2%	+3,4%	+4,2%	+5,3%
	-3%	+5,3%	+6,4%	+8,1%
	-5%	+9,1%	+11,1%	+14,3%
	-10%	+20,0%	+25,0%	+33,3%
	-15%	+33,3%	+42,9%	+60,0%
	-20%	+50,0%	+66,7%	+100,0%
		<b>Necessary Sales Increase</b>		

Fig. 5: Distribution of discounts

### Questions for controllers:

- Are controllers sufficiently involved in pricing?
- Are individual salespeople aware of the impact of discounts?
- Are we getting enough in return for giving discounts?
- Are salespeople managed (and bonused) by sales volume and revenue, or also by contribution margins?
- Do we manage to pass on rising raw material prices in full to our customers?
- Does our company offer real added value to the customer, and do we get paid for it by our customers?
- Are the controllers involved in the development of new, promising business models, including the associated pricing? ■





# What I have learned about digitalization as a controller



Jasmina  
Očko

Controlling consultant,  
Head of ICV Work Group  
Croatia I

Investing in digitalization has become the new status symbol. Digital companies attract highly qualified individuals and provide their employees with life-long education. They create a modern user experience for clients, which enables them to beat the competition. And they facilitate innovation and organizational development, thereby securing their longevity. Digitalization is more than welcome when it comes to organizing and optimizing processes, reducing costs, and improving efficiency. It is also essential for the stability and continuity of operations, as well as for data on processes which provide a completely new insight into business operations and lead to their continuous improvement.

If we go one step further, we can say that all of this enables the creation of innovative business models, never-before-seen novel services, and management based on agile techniques.

But all this requires a change of mindset. Digitalization calls for continuous individual and collective learning, and in the digital era, this is the key to success. Not only processes, but most of all people, must go through this transformation. They need to invest a part of themselves and their knowledge in the process in order to develop and

move forward. Routine tasks are left to machines, while the human mind takes centre stage – it cannot (for now) be replaced by a machine. A truly fantastic process.

But be careful not to rush into digitalization unprepared. A large part of success consists of good preparation, and of having a clear strategic plan and developing your process according to it.

## What are the key factors for success?

- ✓ Developing a human-centered narrative
- ✓ Explaining how digitalization can help a company become sustainable and profitable
- ✓ Allocating enough time and resources to developing the right mindset
- ✓ Understanding that not everyone will embrace new technology in the same way
- ✓ Gradually developing digital literacy
- ✓ Working with people, not through micro-management, but through strategic process development

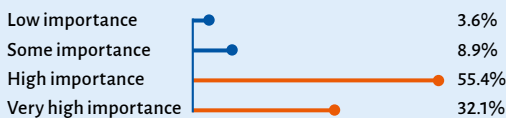
Digitalization is as important to controlling as controlling is to digitalization – one cannot work without the other. For digitalization, you need a strategy, and a strategy cannot exist without developed processes, which in turn cannot be established without controlling. Setting up, developing, and monitoring processes, as well as taking care of data – these are the main tasks of controlling. It functions as a bridge between operations, data, and management, and serves as the last line of defense against process anarchy, and as the first line of offense for accurate and up-to-date information. **Without all this, digitalization simply makes no sense. ■**

# Through process excellence to sustainable competitiveness

## The importance of process controlling and process orientation

From November 2022 to January 2023, we conducted an international study on the topic of process controlling in Croatia, together with colleagues from Germany and Austria. A total of 365 companies participated in the study, of which 56 were from Croatia. By using process controlling concepts and instruments, it is possible to ensure process excellence, which is important for a company's competitive advantage, especially given the challenging VUCA environment in which companies operate. By applying the results of the study to process controlling, and the recommendations resulting from it, it is possible to impact the elements of the company's business success (material, human, and organizational resources, as well as revenues, costs, and investments). The companies themselves are aware of the importance of process orientation (87.5% of the surveyed companies):

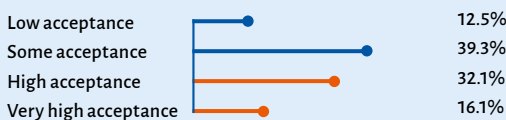
### In 87.5% of the companies, process orientation enjoys high or very high importance



## Gap in acceptance of process orientation between management and employees

The classic challenge of good management is the quality transfer of information, and the adoption of a common attitude shared by the management and employees, which is also the case in this study. Management at a high or very high level accepts a process orientation (48.2%):

### 48.2% of managers accept at high or very high level process orientation



In the opposite to employees, who accept process orientation, at a high or very high level, in twice as many (19.7%):

### 19.7% of employees accept at high or very high level process orientation



The much lower (19.7% vs 48.2%) acceptance of process orientation by employees compared to managers may represent a significant obstacle to the practical implementation of process orientation.

## Suboptimal performance is a roadmap for improvement

The lower level of implementation of process orientation, and its lower acceptance by employees, have led to consequences and some of the causes (abstracted from the results of the study) can be found in:

#### ► Content

Poor use of modern instruments for process management; more than 80% of the surveyed companies do not use Process Management Life Cycle, Lean, Six Sigma, CPI or PPM.

#### ► Organization

A systematic and institutionalized approach to process optimization and expert unit for process design/change project management exist in less than one third of the surveyed companies.

#### ► Incentive system

The incentive system for achieving process KPIs, at a high or very high level, is present in only 28.6% of the companies.

Taking into account the results of the study presented and their practical implementation, process management could be improved significantly and thus contribute to sustainable corporate competitiveness. ■



**Dr. Mladen Meter**

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





# The Role of Artificial Intelligence (AI) in Transforming Controlling

Controlling plays a vital role in improving performance and optimizing operations within organizations. Among other activities, it involves monitoring and analyzing data to identify areas for enhancement, streamline processes, and drive continuous improvement. However, to remain effective in a dynamic business environment, controlling must adopt a proactive and adaptive approach to its own processes. In this regard, artificial intelligence (AI) and machine learning (ML) have emerged as transformative technologies that can revolutionize controlling practices. By leveraging AI, organizations can enhance data collection, integration, quality, analysis, and prediction capabilities, leading to more informed decision-making and improved overall performance. We will discuss the potential impact of AI on controlling and highlight key areas where it can make a positive difference.

## AI is used from data sources to analytics and predictions

One of the significant benefits of AI is the ability to enhance data collection and data integration. AI-powered data integration solutions include intelligent algorithms to automate data gathering from various sources, such as financial systems, customer databases, and other operational systems. It therefore provides holistic and comprehensive data to analyze organizational performance with analytical tools.

AI can significantly enhance the quality of data used in controlling processes. By employing techniques like data cleansing and normalization, AI algorithms identify and rectify errors, inconsistencies, or missing values



in the data. This ensures that the data used for analysis is accurate and reliable.

Used in analytics, AI can analyze vast amounts of data quickly and efficiently, uncovering valuable insights, trends, and correlations that may not be apparent with traditional analysis methods. By leveraging ML algorithms, AI can make predictions and forecasts based on historical data, empowering managers to proactively optimize performance and achieve better outcomes.

Another area where AI is revolutionizing controlling is predictive modeling. By analyzing historical data and patterns, AI can generate predictive models that estimate future outcomes and performance. These models enable organizations to forecast trends, anticipate risks, and make data-driven decisions. Additionally, AI can assist in scenario planning and what-if analysis. By generating realistic scenarios based on historical data and varying parameters, controlling teams can assess the

potential impact of different decisions or external factors on performance. This capability helps in evaluating the robustness of control measures and developing contingency plans.

Generative AI, a rapidly advancing branch of AI in the last few months, can create new and original content based on patterns and data it has been trained on. In controlling, generative AI can be leveraged when historical data is limited or unavailable. It can create synthetic data that mimics the characteristics and patterns of real data. This synthetic data can then be used for testing and refining control strategies, ensuring the effectiveness of controlling processes even in data-scarce situations.

## Key areas of controlling to benefit from AI

AI can bring several benefits to various areas of controlling. Here are some key areas where AI can make a positive impact:

- ▶ **Decision support systems:** AI can provide decision support by analyzing complex datasets, historical trends, and market conditions. It can offer recommendations to controlling professionals, enabling them to make more informed decisions based on accurate and timely insights.
- ▶ **Forecasting and predictive analytics:** AI can analyze large volumes of data, identify patterns, and make accurate predictions. In controlling, AI can help predict sales, demand, and market trends, enabling better financial planning and resource allocation.
- ▶ **Performance monitoring and KPIs:** AI can automate the monitoring and tracking of key performance indicators (KPIs) in real time. By analyzing large datasets and identifying performance trends, AI can provide timely insights and recommendations to management. This facilitates proactive decision-making and drives performance improvement initiatives.
- ▶ **Cost optimization:** AI can optimize cost management in controlling. By analyzing factors such as production data, supply chain information, and resource allocation, AI can identify areas where costs can be reduced. It can suggest efficiency improvements and help make data-driven decisions to achieve cost optimization goals.
- ▶ **Risk management:** AI-powered algorithms can assess and analyze risks more effectively than traditional methods. AI can process vast amounts of data, identify potential risks, and provide real-time insights to management, enabling proactive decision-making and risk mitigation strategies.
- ▶ **Process automation:** AI can automate routine tasks and processes, freeing up valuable time for controlling professionals to focus on more strategic activities. For instance, AI-powered robotic process automation (RPA) can handle repetitive data entry tasks, generate reports, and reconcile financial data. This improves efficiency and reduces human error.

## Conclusion

Artificial intelligence will and is already revolutionizing controlling practices by improving data collection, integration, quality, analysis, and prediction capabilities. By leveraging AI technologies, organizations can make better-informed decisions, optimize performance, and drive continuous improvement. However, it is important to recognize that AI should be viewed as a tool to augment decision-making rather than a replacement for human expertise and judgment. Successful controlling still relies on the skills and experience of professionals who interpret AI-generated insights and take appropriate action. By embracing AI and combining it with human capabilities, organizations can unlock the full potential of controlling and achieve sustainable success in a rapidly changing business landscape. ■

- ✓ *The required human labor in the organization with 15 entities in the group has been reduced from 40,000 hours to 15,000 hours annually - quote by CFO.*
- ✓ *The consolidation in a large international group has been significantly shortened after automating the process, which is now accomplished with just one click (image).*



**Dragica Erčulj**

Head of CRMT Controlling School, Delegate ICV Southeast Europe

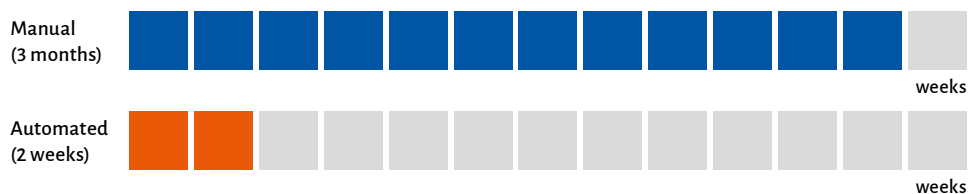


**Slavko Kastelic**

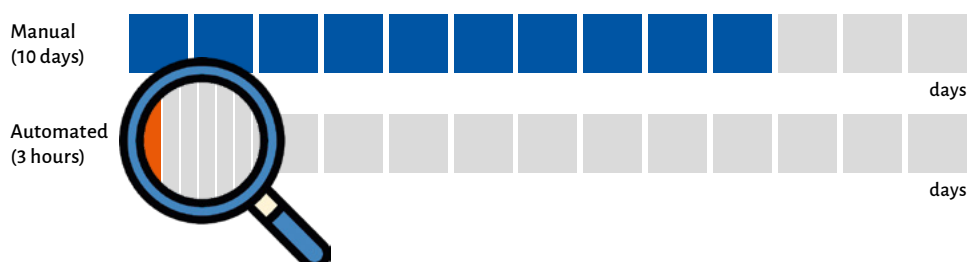
Co-Founder and Director of Sales & Marketing at CRMT

## Benefits of Automated Consolidation

### Data Collection, Integration and Ingestion



### Preparing Reports





# How can we help?

We founded the Budapest-based Management and Controlling Association (MCE) in 1993 with the support of Professor Péter Horváth. In 2006, Dr. Herwig R. Friedtag helped us to set up the local ICV working group. Some of our members chose the dual form, i.e., they are members of both ICV and MCE.



215 individual members, and we often invite guests to join us. Our membership has therefore been growing steadily in recent years.

## The Association covers many topics and holds many events

What has remained unchanged for years is the review of wage plans and wage benchmarks. This year, our members have understandably been looking forward to this program, because wage expectations have soared everywhere due to the 25% rise in consumer prices.

Last year, inflation and the war in the neighboring country were at the center of members' attention. The central programs were built around these issues under the title of the Survival Action Plan. You need to adapt to price and exchange rate changes, which come constantly and in waves. You cannot wait for weeks because of the potential loss. Controlling is given an important role in the early identification of the impact of price changes on the customer and on the product portfolio, in the preparation of strategic inventory measures, and in the selective enforcement of the effects in the pricing of products. To respond in a timely manner, it is therefore necessary to combine purchasing, production, logistics, and sales data in an analytical and simulation data model. Our members received very valuable input from the workshop to help them in their daily work.

Sustainability and ESG is becoming more and more important in Hungary too, so we also held an event on this topic. There are many major international companies in Hungary, so we organized a workshop on transfer pricing. The tax office is also going digital, and this affects all of our members, because the tax returns and audits are done digitally. We invited an expert on this topic. As

more and more members are improving their business planning, we built a business planning model in a workshop using SAP Analytics Cloud (SAP SAC).

Years ago, we realized that we needed to become useful for young controllers. Therefore, we created a working group of university lecturers, in which controller lecturers from all higher education institutions in Hungary can be members. This working group is open to all, and anyone can participate. This year, the automation of controlling activities was on the agenda.

Family businesses are in a special situation. We created a working group for their financial managers, and they held workshops regularly. This time, they were concerned with the succession of owner-managers, an ever-green topic that has come up many times in recent years. For our colleagues from automotive companies, we held a workshop at one of these companies on the role of the controller in rationalizing energy use. What should never be missed is a factory visit, a workshop-level study of the processes and controls of production and logistics. Since not everyone can attend the various events, we have created an e-learning portal called MCE Smart to provide content that will be useful also in the long term. Here

you can read the most interesting material on topics such as Excel usage, Power BI, transfer pricing, ESG. Video recordings of presentations are available to members at any time. The creation of MCE Smart was one of our best initiatives last year.



We also organize field trips at least twice a year. On one of them, we explore the outdoors joined by family members. This year we visited

one of the islands on the Danube and had lunch at the local fisherman's inn. On the other field trip, we looked at a case study of a major museum investment, discussed the controlling of complex major investments, and visited the Hungarian House of Music, one of Hungary's newest museums.

Our takeaway is that if we focus on what is important to our members, what helps them in their daily work, membership will grow, and young people will join. These efforts make ICV-MCE an important forum for professional networking. ■



**Mara Dénes**

Managing Director of MCE



**István Radó**

President of MCE, Head of the local ICV Work Group

## MCE and ICV in symbiosis

There are dual members who are members of both ICV and MCE and some who join only MCE. Members of both groups can attend our events free of charge.

## Browsing through last year's ICV-MCE joint events

### Program

Salary plans, benchmarking in the financial field

War, recession, inflation – "Survival Action Plan"

Energy efficiency: controller's challenges in the industry

Presentations and workshop about ESG reporting

Teambuilding, networking

SAP SAC in planning

Cash flow management in SME circles

Succession issues in family businesses

Does "the ideal management report" exist? Case study

Excel workshop on the limits of Vlookup

Controlling of a major museum investment

Automation of controlling processes

Artificial intelligence in finance

### Form

Hybrid workshop for members

Attendance workshop for members

Workshop and factory visit

Hybrid workshop in the working group of university lecturers

Excursion and lunch at the Danube

Workshop for experts

Public workshop

Family business workshop

Presentation by a business owner, online, public

Online workshop for members

Workshop at the Hungarian House of Music

Hybrid workshop for trainers' working group

Private workshop with an external expert





# Controlling what if – profit model simulation



Mitka Mojsovska

Certified Trainer, Kontroling Biznis Centar; Head of ICV Working Group Skopje, North Macedonia

Managing a company is a complex task, and ensuring the growth of its value requires a very good knowledge of the movement of economic phenomena, both of which affect the success of the company itself. The management of material and financial resources amounting to millions is a respectable profession and requires high competences and knowledge both from those who make business decisions and from those in charge of summarizing business information and indicators. Unfortunately, in practice this is not always the case. Business decisions are made instinctively or in the worst case, they are guided by personal interest. No company has the long-term earning power to withstand this type of management, i.e. one of the two methods mentioned above. If we want to manage the company's resources with quality, we must always ask the question "WHAT IF" and look for as many answers as possible. What if we reduce the rent by 10%, what if we hire five more employees, what if we implement a campaign -30%, what if we invest 50,000 in advertising... what if we sell 10% more.... Every change leaves a positive or negative mark on our work. It is necessary to recognize the changes that leave a DEEP TRACE and to focus on it. We also need to know which changes are of no significance and eliminate them from detailed

analyses. This is necessary because every business process is a combination of several different elements, and the skill is to separate the essential from the unimportant elements, and not to waste time on everything that is unimportant, i.e. everything that cannot significantly change the company result. Experience and knowledge are paramount in determining the weight of what is important and what is not important.

## And how can we acquire such knowledge and experience?

One of the ways is to learn from your own mistakes. It is quite an expensive way and the co-owners of the companies do not like it. How to create your own CONTROLLING simulation model. The other, non-dangerous way, is to create your own simulation model that will mirror our reality, that is, what really exists in practice. We will create a very simple simulation model to detect the impact of certain changes on the company's result. **Example.** It is evident from the example that company "XY" introduces a new product on the market. In the first accounting period, 500 pieces of the new product were sold and they made 225,000 in net income. The purchase price (COGS) was 87,500. In the same accounting period, certain marketing costs were incurred for the same sales activity (an advertisement was published in a magazine, one promotion was made at a trade fair for that product). Given that these costs do not depend on the quantity of products sold (they exist and are identical regardless of the sales result achieved), we define them as fixed costs. A total of 10,000 fixed costs were spent. In the sales process, it is natural to have some variable costs - each buyer

receives a small gift, the sales force receives a certain incentive part based on the quantity of





the product sold. Accordingly, for each product sold, a variable cost of 120 per piece or a total of 600,000 was incurred. The result that we get at the end, when we subtract all the costs of sales from the net income, is 67,500, which means that the sale has become profitable at 30%. Based on this simple model, we want to know what changes would occur

*Attention should be focused on the strength of the effect that any change will leave behind.*

if we changed the elements that we previously listed. If we increase the selling price by 15%, i.e. from 500 to 575, the net income will increase by about 16% (from 225,000 to 262,500), while the result will increase by about 56% (from 67,500 to 105,000), and profitability will grow from 30% to 40%, which is 33% more. This is excellent providing that the competition does not have a similar product at a lower price. If we introduce a new product and foresee a good future for it, we can agree with the suppli-

ers on a better price, i.e. 15% lower, which would mean that the product will not cost 175 per piece, but 149. That will result in a better result of 19% and an equally higher rate of return on sales. A third way to improve the ownership result is to reduce the discount that we give to buyers. In the first phase, we gave the buyers a 10% discount. If we reduce the discount by 15%, our net income will increase by about 1%, the bottom line will be 4% higher and the ROI will be 3% higher, but it is expected that with this move we can also lose 10-20% of our customers. As we said, attention should be focused on the strength of the effect that any change will leave behind. Of course, the option that has the least negative effect should be chosen. What will happen if in the following period we sell 15% per products already? The result in absolute amount will increase by 15% but the rate of return will not be so high, only 9%. The reason is as follows, with an increase in the sold quantity, variable costs also grow. We decide to cut costs, starting with the fixed costs. A 15% reduction in fixed costs in our example has no effect, so we will not even deal with them in the future. One of the reasons is that the fixed costs are very small, and as we said, anything that is very small, and will not drastically change the result, we will not bother with. Variable costs are a different matter, - 15% lower variable costs means a 9% higher business result, a connection that is solid and direct.

Finally, it is nice to compare all the net income and all the results achieved. It will be

obvious that the increase in income is by NO means a sufficient indicator of the success of operations. If we must decide which business steps to take in order to maximize profit, in this case, it is easiest to choose the option with a higher price. Given that in practice it is not a popular move, we can combine - partially increase the price (which leaves a significant final effect on our operation), with the same amount of increase in discount to buyers (which does not leave a significant effect on our operation, and it seems tempting to buyers). It pays much more to negotiate with the suppliers for a lower purchase price, to achieve a higher quantity of products sold. And finally, the structure of selling costs is such that we must focus on reducing variable costs. For example, after the phase of introducing the product onto the market, during the promotional phase and when the product enters the mature phase, and when it starts to be sold in larger quantities, it is wise to cancel giving gifts to each customer, and leave marketing the expenses. We can even increase them because they are a fixed cost, which with the growth of sales will start to decrease per unit of product. With this simple example, we show why and how important it is to knowledge and understand the nature of business developments in the company. Any change in practice can be broken down into parts, and all changes in values can be simulated. The introduction of such models seems complex at first glance, but it is a learning period. The most important thing is to direct our activities where they will be most effective. ■







AUSTRALIA

# Controlling in Australia? “No worries, mate”!

Looking at this gorgeous land with amazing people, we discover a vibrant country with a strong economy: Australia!

How not to fall in love with thousands of kilometers of coastline and a spectacular beach? The country of the Great Barrier Reef, tropical forests, and sophisticated cities is open to be seen and admired. The most famous inhabitants of Australia, the kangaroos and koala bears, are here to welcome you warmly. Can we say that other inhabitants could be the controllers? Is controlling present in Australia? Is it known as it is in German-speaking areas? These are the questions which will guide us through this landscape. Based on our research, we found out that controlling in Australia is a reality. The German controlling model exists in German companies in Australia.

services sector  
dominates  
Australia's  
economy

a major  
energy  
supplier

a world leader  
in the global  
mining industry



The services sector dominates Australia's economy, the other significant sectors being agriculture (approximately 130,000 farmers) and resources. The scale of the resources industry has helped Australia to become a world leader in the global mining industry and a major energy supplier. Many German-owned businesses have subsidiaries in Australia, like Bosch, Continental, Hella, Carl Zeiss, Siemens, Boehringer/Ingelheim, BASF, Deutsche Bank, Allianz, and many others. These companies apply the German controlling model and have controllers coming to Australia from Germany. For example, in a German company in Australia, the controller reports monthly to the Division Controller, coordinates budgeting and forecasting, reviews actuals and forecast financials, ensures record accuracy, and is responsible for compliance-related matters and more. Controllers have an excellent history of working in cross-functional/cross-cultural environments and intensive exposure to SAP/ERP and process improvement. They have experience in overall commercial management, business analysis, project controlling, contract management, management accounting, financial management and risk management.

Most other companies in Australia have accountants assigned as financial controllers, but they don't know if what they do follows practices in the German-speaking area or the U.S.A. They have a Bachelor's degree in commerce/business with a Major in accounting, finance, and economics. Most financial controllers from the major companies in Australia will hold certification as chartered accountants (CA) or certified practicing accountants (CPA). Controllers do not always need an accounting degree, but a business or management background. Typical duties of controlling include the development of budgets and analysis of actual results versus budget, and managing cash flow to ensure that financial reporting is accurate and performed on time. A financial controller manages their finance team, having junior staff members reporting to them. They must ensure that financial reporting is in accordance and complies with legislation requirements. Controllers participate in setting targets (budgets), but they are not the manager's partner. They have a restrictive advisory role. Their reports are necessary for better decision-making. As far as we know, controlling in the German view is not explicitly taught at universities in Australia, but elements are included in their curricula within the subjects taught.

Suppose you ask an Australian what Australia means. In that case, he will tell you about a farmer working hard from early morning until late at night, facing a flood, drought, high temperatures, and remoteness. For in-

stance, large companies and other family-owned businesses are primary pork producers in Australia, usually functioning as family trusts. These farms use information, make analyses, and take decisions to become more sustainable. Usually, in a large pig farm, the CEO is responsible for financial and production planning, budgets, and outcomes, taking care of everything to comply with legislation. The production manager has a very high level of influence on CEO decisions. The administration manager records the performance (financial, sales & production performance), informing the CEO of the deviation from the plan. To succeed, farmers must be forward-thinking within their generation, be very progressive, and do performance testing.

Both Australia and Germany are prosperous nations with strong economies. Their business philosophies are driven by competition, achievement, and success. Controller tasks in German-owned companies in Australia support the management in strategic decisions and the manager in controlling tasks. In Germany, planning is a sophisticated activity. There is a strong tendency towards a clear presentation of the situation and a strong emphasis on quantitative determination, which allows the measurement of performances. In other companies in Australia, the controller carries out their work isolated from the manager, having in particular operational responsibilities, including accounting and fiscal tasks. How can we explain this? Business philosophy shapes the way controlling is performed. Germans are a pragmatic, hard-working nation, dedicated to achieving results, preferring to control the future. We can see this in their controlling model. Australians work hard, are optimistic, with a positive attitude, preferring to be more relaxed. "No worries, mate!" "No worries" means "do not worry about that" or "that's all right". This expression is widely used in Australia to represent friendliness, optimism, and good humour. "Mate" is a popular word for a friend, but it is more than just a friend; it implies a sense of shared experience, mutual respect, and unconditional assistance.

Digitization increasingly shapes the way we think. Today's business environment brings challenges and opportunities for a dynamic country like Australia. It is the perfect time for Australia and Germany to work closely in implementing various initiatives. The German controlling model exists in many countries because of the work of controlling promoters (the International Group of Controlling (IGC) and the International Controller Association (ICV)). We strongly believe that the International Controller Association might have a decisive role in offering knowledge about controlling to those interested in Australia. **No worries, mate!** ■



**Dr. Valentina  
Alexa**

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Business  
Development Manager,  
ALEXA Farms Pty Ltd,  
Queensland Australia,  
ICV Member

# How to Use Hyperautomation in Controlling

The ICV Expert Work Group Robotic Process Automation (RPA) has been renamed “Intelligent Automation”, but what is meant by Hyperautomation?



**Christian  
Bramkamp**

Global Head of Compliance,  
Roboyo GmbH, Delegate,  
ICV Expert Work Groups

Hyperautomation is a business-driven, disciplined approach that organizations use to rapidly identify, vet and automate as many business and IT processes as possible. Hyperautomation involves the orchestrated use of multiple technologies, tools or platforms, including artificial intelligence (AI), intelligent document processing (IDP), machine learning (ML), process mining (PM), event-driven software architecture, robotic process automation (RPA), and intelligent business process management suites (iB-PMS), integration platform as a service (iPaaS), low-code/no-code tools, packaged software, and other types of decision, process and task automation tools (Definition of Hyperautomation – Gartner Information Technology Glossary – 2023-07-01).

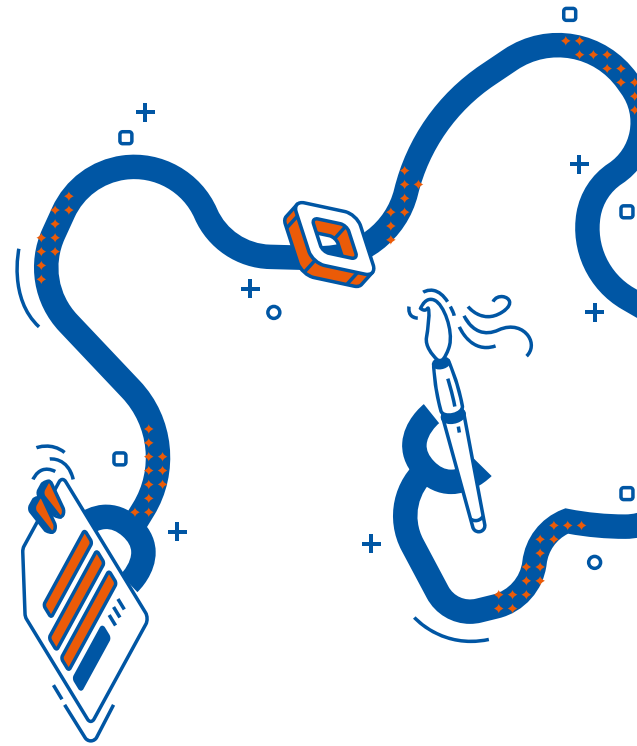
**Hyperautomation has emerged as a transformative solution for optimizing and streamlining controlling processes.**

## 1. Understanding hyperautomation

Hyperautomation refers to the convergence of intelligent automation technologies, data integration, and analytics to automate and optimize business processes. Within controlling, hyperautomation offers numerous benefits, including increased efficiency, improved accuracy, enhanced data analysis, and better decision-making.

### 1.1 Benefits of hyperautomation in controlling

Hyperautomation can enhance controlling functions significantly by automating repetitive and manual tasks, such as data collection, data integration, and reporting. Automation reduces errors, saves time, and allows controllers to focus on value-added activities such as strategic analysis, forecasting, and decision support. Furthermore, hyperautomation enables real-time data analysis, empowering controllers with actionable insights, and improving overall financial management.



### 1.2 Implementation considerations

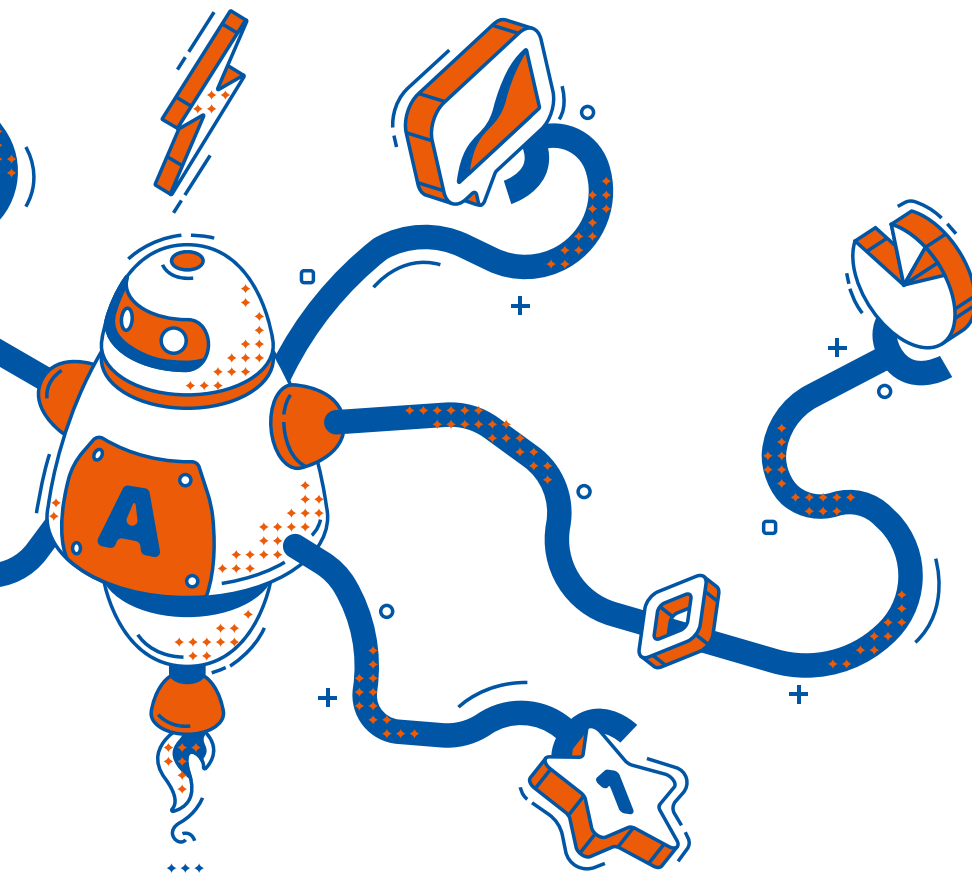
To effectively implement hyperautomation in controlling, organizations should assess their existing processes and identify areas that can benefit from automation. It is crucial to select appropriate hyperautomation tools and technologies, which are aligned with the organization's needs and integrate seamlessly into existing systems. Data security and privacy must also be prioritized to ensure compliance with regulations and to protect sensitive financial information.

### 2. Hyperautomation applications in controlling

Hyperautomation can be applied to various controlling processes, revolutionizing the way financial data is collected, analyzed, and reported.

#### 2.1 Data collection and integration

Hyperautomation simplifies and accelerates data collection by automating the extraction of data from multiple sources, such as enterprise resource planning (ERP) systems, customer relationship management (CRM) tools, and external databases. Automation ensures data accuracy, eliminates manual errors, and enables controllers to access real-time data for analysis and reporting.



### 2.2 Data analysis and reporting

Through hyperautomation, controllers can leverage new approaches with AI and ML algorithms to analyze vast amounts of financial and operational data. Advanced analytics tools can identify patterns, trends, and anomalies, providing valuable insights into performance, risks, and opportunities. Process mining can show where process improvements are necessary. All these tools enable the automated generation of reports, dashboards, and visualizations, simplifying and accelerating the reporting process.

### 2.3 Process automation

Hyperautomation streamlines controlling processes by automating repetitive tasks such as budgeting, forecasting, and financial statement consolidation. RPA tools can be employed to execute these tasks with speed and accuracy, reducing manual effort and enabling controllers to focus on strategic analysis and decision-making.

## 3. Implementation of best practices

To successfully implement hyperautomation in controlling, organizations should adopt the following best practices

### 3.1 Conduct a process assessment

Assess current controlling processes to identify pain points, bottlenecks, and areas for automation. Prioritize processes that have a significant impact on efficiency, data accuracy, and decision-making. And do not forget to define the automation criteria that suit you best.

### 3.2 Choose the right hyperautomation tools

Select hyperautomation tools and technologies that are aligned with the organization's requirements. Consider factors such as functionality, scalability, integration capabilities, vendor support, and cost-effectiveness. It is also always a good idea to think outside the box and obtain external views on tool selection.

### 3.3 Ensure data security and compliance

Implement robust data security measures to protect sensitive financial information. Adhere to regulatory requirements such as data privacy laws and internal control frameworks to ensure compliance. Involve the right parties at the beginning and let them be part of the hyperautomation project.

### 3.4 Foster change management and training

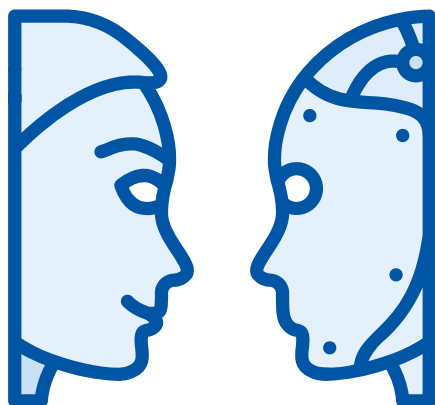
Prepare controllers for the adoption of hyperautomation through effective change management and training initiatives. Create a culture of innovation and continuous learning to embrace the new technology. Let the organization be part of the change.

## Conclusion

Hyperautomation presents a significant opportunity for transforming controlling processes into the digital area. By leveraging AI, ML, and intelligent automation technologies, organizations can enhance efficiency, accuracy, and decision-making in controlling functions. Implementing hyperautomation requires careful planning, selecting the right tools, ensuring data security, and effectively managing change.

**By embracing hyperautomation, organizations can unlock the full potential of their controlling processes, and drive improved financial management and performance. ■**

*If you are interested in the ICV expert working group or have any questions, please contact [fk-intelligent-automation@icv-controlling.com](mailto:fk-intelligent-automation@icv-controlling.com).*



# The impact of Artificial Intelligence on Accounting and Finance

## Preparing for a future human-machine collaboration



**Prof. Dr. Mike Schulze**

Vice President for Research & Practice Transfer and Professor of Controlling, Accounting and Financial Management at CBS International Business School Campus Mainz; Honorary Professor-in-Residence IMA® (Institute of Management Accountants).

If managers want to make future-proof decisions for a company today, it is just not enough to only look at the past and the present. Instead, a much stronger focus should be placed on intensive consideration of possible future developments. This applies in particular to the opportunities and challenges associated with the use of Artificial Intelligence (AI). Progress in this area will decisively change every day working life in many professions in the near future. For this reason, CFOs and other Finance executives must now proactively and intensively deal with the topic of AI.

A recent empirical study, conducted by IMA® (Institute of Management Accountants) aimed to uncover current challenges faced by Management Accountants and Finance professionals in working with AI, ethical and governance considerations in the implementation of AI, and the manner in which AI impacts the work and decisions of Management Accountants and Finance professionals. The research design of the study followed an exploratory nature and used an empirical qualitative approach. The data collection took place between November and December 2022 within the framework of five online roundtables with about 40 subject matter experts in total (one in each of the following regions: Europe, Asia-Pacific, Middle East and North Africa, India, China). The roundtables were conducted in a semi-structured manner based on an interview guide which was developed in advance.

### What is AI?

AI is a collective term for techniques that enable a computer to perform tasks that usually would require human intelligence. This understanding generally includes the following aspects: the recording of structured and unstructured information and data via forms that resemble human perception or the senses (sense), the understanding and meaningful processing of the information and data (comprehend), an action based on the interpretation of the data (act), and – and this aspect is central to the description of AI – independent learning based on the data with the aid of training and feedback (learn).

The British mathematician, Alan Turing (1912-1954), was one of the pioneers in the field of AI. According to Turing, “a computer would deserve to be called intelligent if it could deceive a human into believing that it was human”. That is the approach adopted by the



Turing test: people must be able to chat with a human being and a computer program neither of which can be seen – and then must

guess which one was the human and which one was the machine. If the computer is selected, it has passed the Turing test and is therefore “intelligent”.

The following aspects are central to characterizing human intelligence: sensorimotor intelligence (use of the human senses), cognitive intelligence (acquisition and application of knowledge), emotional intelligence (recognition of feelings), and social intelligence (perception of group behavior). Currently, applications of AI can be found predominantly in the field of cognitive intelligence, as well as to some

*This article refers to Jiles, L., Doung, Q., Adams, E. (2023), The Impact of Artificial Intelligence on Finance and Accounting: A Global Perspective.*

*The complete study report will be available on IMA's website <https://eu.imanet.org/> soon!*

extent in the sensorimotor domain. Independent emotional and social intelligence, on the other hand, currently are not able to be reproduced artificially.

## Overcoming challenges in working with AI

While the utilization of AI in Accounting and Finance is potentially beneficial in multiple ways and its active use is expected to increase considerably in the foreseeable future, Management Accountants and Finance professionals also face significant challenges in working with AI.

This concern also became very clear in the discussions with the subject matter experts. The aspects expressed by participants in this study can be categorized as follows: (1) the human aspect, (2) the technology and data aspect, (3) the operation aspect, and (4) ethical and governance concerns. Most of the participants emphasized challenges related to people, involving all levels of employees within an organization, as the biggest hurdle for the success of AI initiatives, which can be exemplarily illustrated by the following quote of one participant from Europe:

*“One important barrier is that, if people don’t know what the AI system has done and how the results are created, they don’t have trust in the system or the results.”*

*Professor of Management Accounting in Germany*

Many other participants also highlighted operational and practical challenges such as the requirement for process reengineering and cross-functional collaboration. Other challenges reported are associated with data management and technology adoption (e.g., digital immaturity as the main obstacle to embark on the AI journey) as well as concerns on ethical and governance challenges (e.g., the importance of data integrity to mitigate risks induced by potential biases in data as well as data security).

## Prerequisites of successful AI implementation

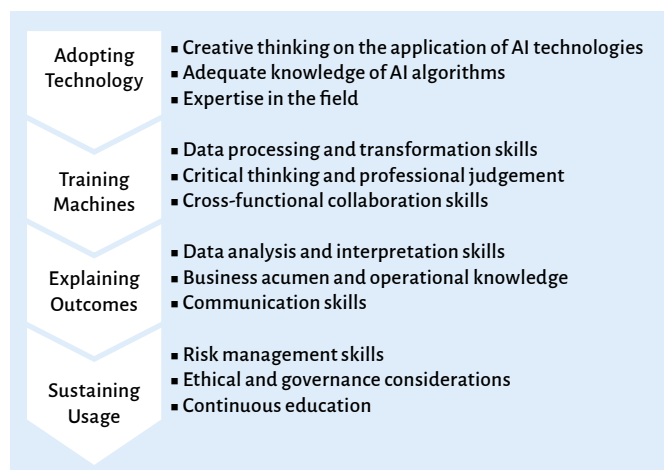
Within the roundtables, it was also discussed with the subject matter experts how it might be possible to overcome the challenges recognized. Here the focus within the discussions was to identify prerequisites for the successful AI implementation within the Accounting and Finance function. Figure 1 summarizes the different perspectives shared by the study participants from all different regions.



**Figure 1:** Prerequisites of successful AI implementation

## Future human-machine collaboration in accounting and finance

While AI is not expected to completely replace human employees, it will nevertheless tremendously impact the future of work for professionals in Management Accounting and Finance. The fulfillment of elevated business demand in the age of AI cannot be achieved without the transformation taking place inside the Accounting and Finance team that involves team members at all levels, from the CFO to entry-level staff. To apply a future human-machine collaboration in Accounting and Finance teams, the CFO and other members of the Accounting and Finance function are inevitably required to develop a range of new skills and knowledge pertaining to technology, data analytics, critical and creative thinking, and cross-functional collaboration (see Figure 2 for a summary)



**Figure 2:** Skills and knowledge required for an effective human-machine collaboration

For the successful utilization of AI, it will be necessary for Accounting and Finance executives to develop a strategic mindset regarding its innovative potential. Focusing on the technology alone will not be enough; it will also be necessary to take a close look at other key aspects such as people, processes and structures. Special attention should be paid to the further development of the skills set of the Accounting and Finance team members at all levels.





POLAND

# Chat GPT (AI) interprets controlling and financial reports live at the ICV POLAND Congress CIA 2023



**Małgorzata Podskarbi**

ICV Board Member



**Dr. Tomasz M. Zielinski**

ICV Delegate for Poland

The XVII ICV Poland Congress (CIA 2023) took us into a new dimension of finance and controlling, bringing AI to the stage in the most unique and innovative way. This time we had an unprecedented opportunity to observe Chat GPT (AI) interpreting controlling and financial reports live. Have you ever wondered how AI technology could revolutionize the work of financial professionals and controllers? Have you ever dreamed about AI being able to streamline the process of analysing complex reports? At the ICV Poland Congress (CIA 2023), we discovered these answers together. It was a unique opportunity to understand and experience how AI technology, like Chat GPT, could become a key tool for the future of finance and controlling. Based on a small report presenting the capacity and usage of six group of machines at a fictitious company called ALFA S.A. we gave AI three tasks:

1. Write a description of the situation regarding the use of machines.
2. Write a recommendation on what decisions could be made to increase machine utilization.

3. Write a recommendation on what decisions could be made to reduce the cost of unused capacity.

The answers provide simple but concise, targeted advice tailored to the data provided, demonstrating a sound understanding of production and capacity management. The recommendations cover multiple strategies, from product diversification and market exploration, to lean manufacturing principles and subleasing, providing a diverse set of options. The language is clear, professional, and straightforward, making the advice accessible. AI can significantly enhance report commentary by analyzing complex data sets quickly and generating concise insights. It can identify patterns, trends, and anomalies that may be overlooked by humans. AI can provide real-time commentary, aiding in quick decision-making. Furthermore, it eliminates the risk of human bias, providing impartial analysis. However, its effectiveness relies heavily on the quality and comprehensiveness of the data provided. Finally, while AI can help to generate insights, human judgment is crucial for contextual understanding and strategic decisions. ■

1 The data reflects underutilization of Alfa S.A.'s machines due to lack of orders. Mixing, cutting, welding, and printing machines are utilized at 30%, 41%, 47%, and 47%. This leaves significant idle time. Only packing and polishing machines achieve higher usage at 76% and 83%. The issue isn't capacity or machine repairs, but rather demand. To optimize operations, increasing orders or adjusting capacity might be necessary.

2 Alfa S.A. should consider diversifying its product range or exploring new markets to increase demand. Alternatively, unused machine time can be rented to external entities. Implementing flexible working hours based on demand could also increase utilization. Finally, a comprehensive review of the production processes may reveal opportunities for efficiency improvements, potentially reducing machine idle time.

3 In order to reduce unused capacity costs Alfa S.A. could consider downsizing or selling underused machinery to eliminate maintenance and depreciation costs. Adopting lean manufacturing principles could help identify efficiencies, reducing overall capacity needs. Outsourcing or cross-training employees could help make labor costs more flexible during low-utilization periods. Lastly, subleasing unused capacity to other manufacturers could generate revenue, offsetting costs.

Alfa S.A., Factory A, Capacity and usage of machines in mh. Degree of usage in %. August 2022

	Theoretical capacity	Repairs	Practical capacity	Time used	Time unused	Degree of usage
Machines for mixing	1000	40	960	285	675	30%
Machines for cutting	1500	70	1430	590	840	41%
Machines for welding	6500	120	6380	2974	3406	47%
Machines for packing	2800	80	2720	2073	647	76%
Machines for printing	2100	200	1900	893	1007	47%
Machines for polishing	1200	50	1150	954	196	83%

Fig. 1: The report and answers generated by AI (CHAT GPT based on the GPT-4 model)



CHINA

# Sino-German Controlling Forum 2023: “Controlling for Transformation”

On June 16th, 2023, the 2023 Sino-German Controlling Forum took place in Suzhou. It is organized by DUSA European Association Suzhou and Corporate Performance One and is supported by the German Chamber of Commerce in China, Taicang Roundtable, CA Controller Academie, Wuxi Chamber of Commerce, and International Association of Controllers (ICV). This much anticipated event brought together over 80 financial professionals to discuss and exchange ideas on financial management.

The theme of the forum was “Controlling for Transformation”, with a particular emphasis on the role of financial controllers in driving financial transformation in organizations. At the forum, speakers discussed topics with both financial and non-financial professionals in the Sino-German business community. They explored what business models promise future success and what industries have potential for future growth. An analysis of the current situation and future outlook for German business in China will be necessary for both large multinational companies and small-to-medium sized enterprises, which are adapting to an increasingly complex business environment.

The forum began with welcome remarks by Mr. Julien Boussu, Board of Directors, DUSA European Association Suzhou. He expressed his gratitude to all the attendees, speakers, and the event organizers. Dr. Sigrid Winkler, Deputy Executive Director of the German Chamber of Commerce in China, Shanghai gave the keynote speech: “The World Has Changed – Status and Outlook of German Business in China”. In the speech, she explored how German companies in China are adapting to an increasingly

complex global and local environment. Other aspects included how to address and cope with instabilities, as well as what business models promise future success, and what industries offer potential for future growth?

Mr Xavier Alarcón, Chief Financial Officer at SAIC-Volkswagen Shanghai sales company shared his experience of the automotive sector in his talk: “Controlling in the Automotive Sector – Challenges and People”. He focused on how the controlling function contributes to the sustainable navigation of the company in demanding times, while maintaining a human touch to bridge different cultures.

The forum included two workshop breakout sessions. In the first session, Ms Airu Gong, Chief Financial Officer, Poclain Hydraulic (Shanghai) Co. Ltd., Mr. Richard Jiang, Associate Director, PwC Shanghai, and Mr. Julien Boussu, Regional Financial Controller, Knorr-Bremse Rail China, addressed the implementation framework for value chain location, leveraging government grants and tax incentives in the B2B sector after Covid-19, and digital upskilling. The second workshop breakout session consisted of three workshops. Ms Lily Wu, Chief Finance Officer, ruhlamat Asia Group and Mr Ronnie Chen, Operation Controlling Manager, ruhlamat Suzhou, shared their experience and lessons on digital transformation for business growth. Mr Matthias Tschermak von Seysenegg, Vice President Finance & IT, NOK-Freudenberg China explained his understanding of finance as a business partner. Mr Haijguang Li, Chief Information Officer, Schaeffler Holding (China) Co. Ltd. presented the modern work flow system from an IT perspective. ■



Maggie Chen

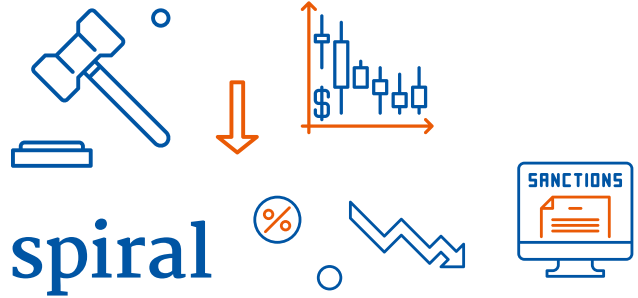
DUSA (Suzhou European Business Association)







# Economy in the sanctions spiral



The additional measures from the eleventh sanctions package of the European Union have confirmed that in the face of the long chain of incidents from Bucha and Irpin to the destruction of the Kakhovka Dam the sanctions spiral continues to turn. The respective closure of diplomatic missions and the transgression of the measures onto German cultural mediators who must leave Russia in large numbers are further major characteristics of this development.

of (non-sanctioned) deliveries of goods, for example by deliberate misloading of trucks. Formal barriers include end-use confirmation and the Russia stipulation, in which goods recipients in third countries must pledge not to deliver these goods to Russia.

In the course of the last weeks, the accusation of sanctions avoidance has more and more come to the fore, brought forward by Berlin but also Brussels. This has been provoked for example by initially disconcertingly high export values into countries of Central Asia such as Kazakhstan. At least part of these export values can however be explained by the fact that commodity flows previously went into these regions through Russia. This is not possible anymore due to the sanctions, therefore resulting in direct shipments.

A certain over-compliance can be noticed in the case of financial institutes. Some banks have categorically suspended the acceptance of bank wires from Russia due to “a disproportionately high examination effort”, even though these do not come under the sanctions.

The political accusations however have led to considerable political confusion even in the face of those regions becoming very important to Europe both geopolitically and economically. Not least to reduce the dependence on China. Especially Kazakhstan emphasizes that the entire periodic table of elements is available locally. For European companies, new opportunities could ensue for the diversification of their supply chains. Uzbekistan also offers huge growth potential. China has already realized this, especially in the context of the Belt and Road Initiative. Many Uzbek taxi drivers for one have recognized the advantages of the very-well-equipped Chinese electric vehicles.

The sanctions are gradually becoming noticeable in Russia's economy even though countries such as China, India, etc. are not supporting them. The macroeconomic numbers are currently only showing stagnation. However, it can be assumed that numerous companies have shifted to a “wartime economy”. Simultaneously, Russian observers are reporting a subtle primitivization of the economy and public life, for instance when elevators fail as the scarce electronic components are required elsewhere.

The US in particular is pointing to countries such as Turkey, Kazakhstan, Georgia, the UAE, and Armenia who are actively or passively supporting the bypassing of sanctions. The penological risk for German directors is considerable. The first lawsuits are in progress. Given the ever-changing legal situation, it is critical to be informed promptly before each transaction with Russia, for example via <https://correctiv.org/en/latest-stories/2022/03/01/sanctions-tracker->

In a first ripple after February 24, 2022, many Western companies announced their withdrawal from Russia – either due to economic or ethical-moral obligations. The press reported widely on who sold their company and who did so with the option of repurchase. It must be considered however that with that no debit from the balance sheet is possible. Today, this call-back option is rarely spoken about. This is due to the fact that the Russian government has impeded the withdrawal of western investors with a variety of measures up to a kind of exit tax. According to current information (see <https://leave-russia.org/> – June 6, 2023; report is being updated constantly) approximately 700 companies have suspended their activities completely or have left Russia entirely while around 2,600 are continuing their operations with or without restrictions.

What perspectives are emerging? From today's point of view it is entirely unclear how long this conflict will continue and how it might come to an end. If it comes to a peace process, which would also lead to major personnel changes in Moscow, then German history especially should be an example of giving a country and its population a new chance to become part of the world community. ■



Dr. Georg Schneider

Head of  
ICV Work Group Moscow,  
swilar GmbH



Additionally, substantial conflicts are reported within the workforce of German companies to the point of sabotage



# 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 internationalization 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

Prof. Dr. Slavko Simić  
bono@blic.net

### Bulgaria

Denko Yamboliev  
jamboly@icloud.com

### China East

Francesco Ingarsia  
ingarfan@schaeffler.com

### Croatia I

Jasmina Očko  
jasmina.ocko@kognosko.hr

### Croatian Adriatic Region

Dr. Mladen Meter  
mladen.meter@businesseffectiveness.eu

### Hungary

István Radó  
istvan.rado@horvath-partners.com

### Poland

Białystok  
Anna Woźniak  
annaw8@poczta.onet.pl

### Dolny Śląsk

Dariusz Okniński  
dokninski@wp.pl

### Pomorze

Bartłomiej Szymaniak  
icvpomorze@gmail.com

### Poznań

Maciej Czosnowski  
maciej.czosnowski@amica.com.pl

### Toruń -Bydgoszcz

Andrzej Derkowski  
andrzej.derkowski@gmail.com

### Warszawa

Mariusz Suminski  
mariusz.suminski@flexisolutions.pl

### Romania

Dragica Erčulj  
d.erculj@icv-controlling.com

### Russia

Moscow  
Dr. Georg Schneider  
georg.schneider@swilar.de

### Serbia – Novi Sad

Mira Pekic  
ak-novi-sad@icv-controlling.com

### Skopje (North Macedonia)

Mitka Mojsavska  
mitka@controlling.mk

### Slovenia

Dragica Erčulj  
d.erculj@icv-controlling.com

### Spain

Axel Ehberger  
axel.e@elexa-controlling.com

### International Work Group

Dragana Mujanović  
dragana.mujanovic.co@gmail.com

### ICV Main Office, GERMANY

Münchner Strasse 8  
D-82237 Würthsee  
verein@icv-controlling.com  
www.icv-controlling.com

## Member benefits:

Access to controller know-how at international level

Contacts to controllers and CFOs in Europe

Work group meetings as practically focused, free further education

Co-authorship of future-focused controlling concepts and tools

Additional ICV Work Groups in German-speaking countries: Austria, Germany and Switzerland  
[www.icv-controlling.com/en/work-groups](http://www.icv-controlling.com/en/work-groups)

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