



ICV Think Tank Updates

Dear readers,

In the latest edition of our ICV Think Tank Updates, we focused on the driving factors and impacts of the current great power conflict between the USA and China, as well as the role and challenges faced by other global players. An exciting interview provides you a comprehensive overview of the current geopolitical and economic challenges, along with valuable recommendations on how companies can successfully position themselves in this complex environment.

In this edition, we continue addressing these challenges and focus on two central themes: forecasting competency and resilience as key elements for the future of controlling. On our "INSIGHTS" page, you can expect a contribution from Sebastian Grönhardt, Management Consultant at Horváth in the field of Controlling & Finance. Additionally, on our "CONNECT" page, we are pleased to introduce Stefan Thiesbrummel from Phoenix Contact GmbH & Co. KG as the new member of the ICV Idea Workshop.

We thank the supporting experts Sebastian Grönhardt and Stefan Thiesbrummel for their contributions to the creation of this newsletter and wish you enjoyable reading and valuable insights.

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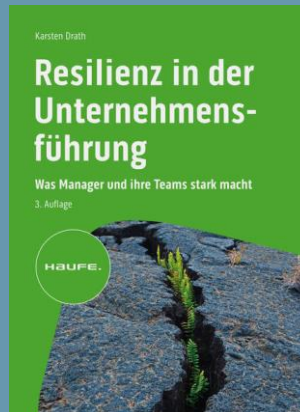
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RECOMMENDATIONS



In his book Resilience in Corporate Leadership, Karsten Drath offers valuable insights into the importance of resilience for leadership teams and their staff. Drath combines research findings with practical examples, showing how managers can increase the resilience of their teams. This book is especially relevant in times of constant change and

uncertainty, as it provides strategies for staying decisive in crises and reducing pressure. It's a highly recommended read for executives who aim not only for short-term success but also for long-term stability within their companies.



In The Resilient Society, Markus K. Brunnermeier examines how we, as a society, can become more crisis-proof in the face of future challenges. As a renowned economist, he analyzes past crises and derives insights into how economic, social, and political systems can be shaped to withstand future shocks. Brunnermeier shows that societies not only survive crises but can

emerge stronger. With clear arguments and a well-founded analysis, he provides valuable impulses for political decision-makers, companies, and society as a whole.

INSIGHTS | PRACTICAL APPLICATIONS | Controlling in Dynamic Times: Forecasting Ability and Resilience as Success Factors, a contribution by Sebastian Grönhardt

In an increasingly volatile and uncertain business world, forecasting ability and resilience are gaining more importance. The controlling of the future plays a decisive role in this context. For this reason, these topics are the focus of the 2024/2025 annual theme of the Idea Workshop of the International Controller Association (ICV), which is titled "Controlling in Dynamic Times." The following article summarizes key findings from a study by Horváth and shows how modern methods of corporate management can be crucial in times of high uncertainty.

The big "De-s": Long-term Trends Shape the Business World

The business world is increasingly defined by the big "De-s": decoupling, decarbonization, and degrowth (in certain regions and industries) are influencing business activities worldwide. Companies are responding by adjusting their business models, supply chains, and processes. Business models are being digitized and made more resource-efficient, supply chains are being regionalized, and investments are being shifted. At the same time, cost pressure is increasing, as shown in the Horváth CxO Study 2024, which surveyed over 700 CxOs. Structural cost reductions are a very high priority.

These trends will solidify in the long term and shape the coming years. The pressure to adapt not only creates challenges but also offers companies the opportunity to develop innovative approaches and tap into new business areas. In this environment, controlling plays a central role by helping companies make informed decisions in this dynamic setting.

New Developments in Controlling: Reorganization Ahead

Regional Structures in Controlling: A Trend with a Future

Another trend is the increasing regionalization in controlling. In response to uncertainties in the markets and the potential greater separation of markets ("decoupling"), companies are regionalizing their value creation processes and supply chains. With regional structures, they can better respond to specific market conditions and regulatory requirements.

Controlling is also adapting to this trend. In line with business partnering, close to the internal customer, regional structures for sales, production, and procurement controlling are emerging. However, to operate as an integrated whole, corporate controlling plays a crucial role: it must ensure a "common financial and controlling language." The professional governance provided by controlling across the different regional structures is becoming more important, and, as a result, controlling as a whole is gaining significance.

Regionalization presents challenges for controlling, particularly in ensuring a coherent reporting structure and alignment between the various regional units. It is crucial that central controlling sets clear guidelines and standards to ensure consistent management and reporting. At the same time, regional specificities must be considered to avoid hindering local agility.

Use of GenAI: New Possibilities for Processing Unstructured Data

The use of GenAI is gaining growing importance in controlling. Modern controlling solutions leverage artificial intelligence (GenAI) based on large language models to extract qualitative information from the internet. Content from news sites, social platforms, and forums is examined based on predefined criteria for its relevance and impact. As shown in Figure 1, the process begins with the processing of unstructured data (see Step 1), followed by filtering and enrichment of the data through GenAI (see Step 2), to derive insights that are then used in monitoring for decision-making (see Step 3). Text-based reports are generated in real-time, which also include automated forecasts for the company. This continuous, automated view of the business environment helps identify trends and uncertainties early on. This leads to greater accuracy and responsiveness—both essential in today's fast-paced business world.

The use of GenAI allows companies to incorporate unstructured data into their analyses, which was previously difficult to capture. This includes not only traditional economic data but also sentiment from social media or early warning signals from forums and news sources.

The ability to systematically analyze such information and incorporate it into decision-making processes can provide a decisive competitive advantage. The foundation for this is high data quality and the collaboration between humans and machines. Only then can AI develop its best value, and the potential of data utilization can truly be realized.

Developments in Controlling: Established Concepts Gain Importance

Forecasting Ability: A Must in Dynamic Times

In dynamic times, the ability to create accurate forecasts is essential. Traditional methods of budgeting and medium-term planning reach their limits when quick and well-founded decisions are required. Ad-hoc decisions demand real-time data, which is provided through forecasts. This allows companies to quickly respond to changing market conditions and handle unforeseen events. An accurate forecast, along with recurring patterns or rules, not only supports decision-making but is also a key instrument in risk management. Accurate forecasts allow potential risks to be identified early, and appropriate countermeasures to be taken quickly. This significantly increases a company's adaptability and resilience. Additionally, improved forecasting ability enables companies to use their resources

more efficiently and secure competitive advantages in a challenging environment.

Scenario Modeling: More than Just a Plan B

Another important aspect is the integration of scenario modeling into regular performance management processes. Scenario modeling allows for the simulation of various future developments and the analysis of their impact on the company – an invaluable advantage in times of high uncertainty. Scenario modeling should be a fixed component of every performance review. As shown in Figure 2, scenario modeling (see Step 2) is closely linked to continuous forecasts (see Step 1) and top-down planning (see Step 3). Companies must be able to model different scenarios at any time to make well-founded strategic decisions. To do this, it is necessary to provide automated data and models and integrate them into the forecasting figures. The effects of strategic decisions and measures to increase resilience must be considered in the scenarios (see Step 4) so that companies can better respond to unforeseen events.

Integration of External Data: A New Level of Forecast Accuracy

A crucial difference from traditional approaches lies in the automation of forecasting

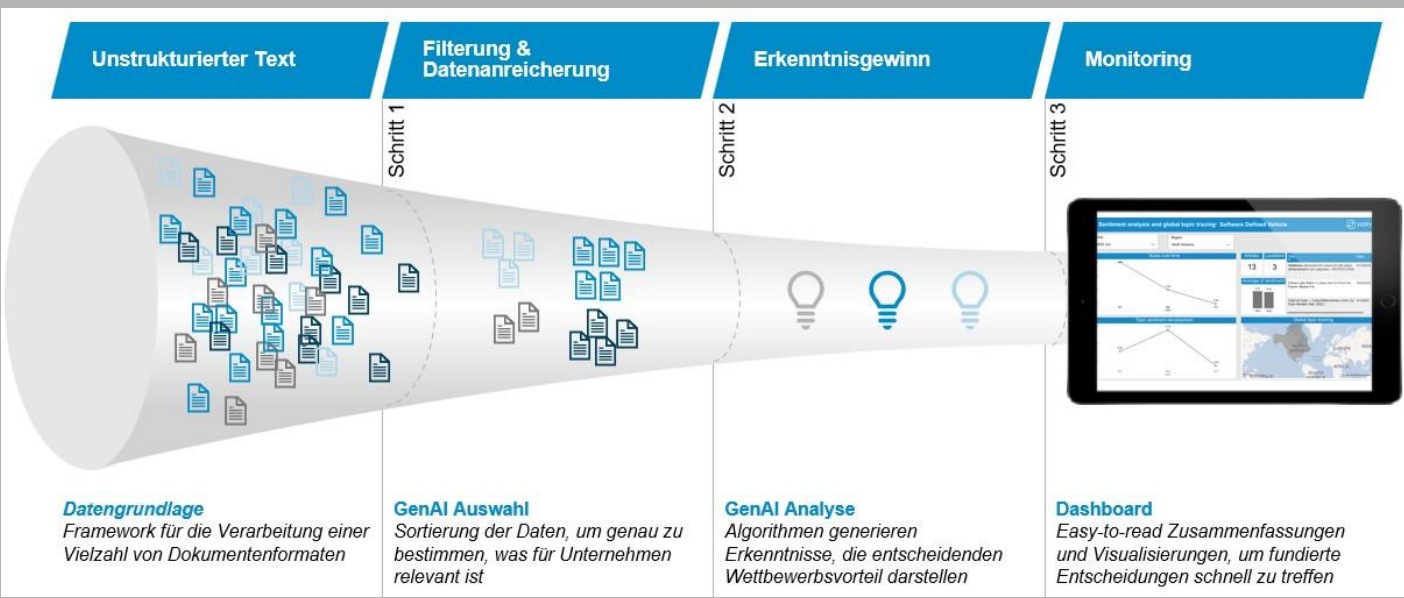


Fig. 1: Integration of GenAI Business Radar solutions for profound business insights through powerful dashboards, Source: Own representation Horváth

and the integration of external, objective data. This information is helpful in staying quickly informed about changes in the market environment. In addition to traditional market and macroeconomic data, which should ideally already be part of standard reporting, new technologies enable access to up-to-date information about political and social factors, supply chains, suppliers, competitors, and customers. For example, tracking the development of inventory levels at customers can provide early signals for adjusting one's own production capacities.

By integrating external data sources into forecasting, companies can significantly improve the accuracy of their predictions. A more comprehensive understanding of the market environment and external factors enables more precise forecasts and faster responses to changing conditions. Additionally, companies can better assess which factors are affecting their business processes and take timely countermeasures.

Conclusion: The Future of Controlling in Dynamic Times

Forecasting ability and resilience are the keys to success for the controlling of the future. Although forecasting and scenario modeling are not new concepts, their current application and the demands of today's dynamic business world require innovative approaches. Automated, data-driven forecasts and the integration of scenario modeling into performance management processes are essential. In addition, external market data

must be increasingly considered and enriched with qualitative real-time information using GenAI.

Controlling will increasingly develop regional structures, with the role of central governance gaining greater importance. Companies that adopt these methods will be better equipped to respond to changes and secure their competitiveness in the long term. In a business world marked by uncertainty, the ability to quickly adapt and accurately predict will become a decisive competitive advantage.

Profile of the author

Sebastian Grönhardt has been working as a management consultant at Horváth in the Controlling & Finance sector since 2012. In his current role as Principal, he leads the Reporting segment and brings his extensive expertise in corporate management, reporting, consolidation, and cost accounting. He has broad industry experience, which includes the sectors of industrial goods, life sciences/pharma, consumer goods, retail, and energy supply. His deep knowledge and many years of experience make him a valuable partner for companies looking to optimize their financial performance and streamline their reporting processes.

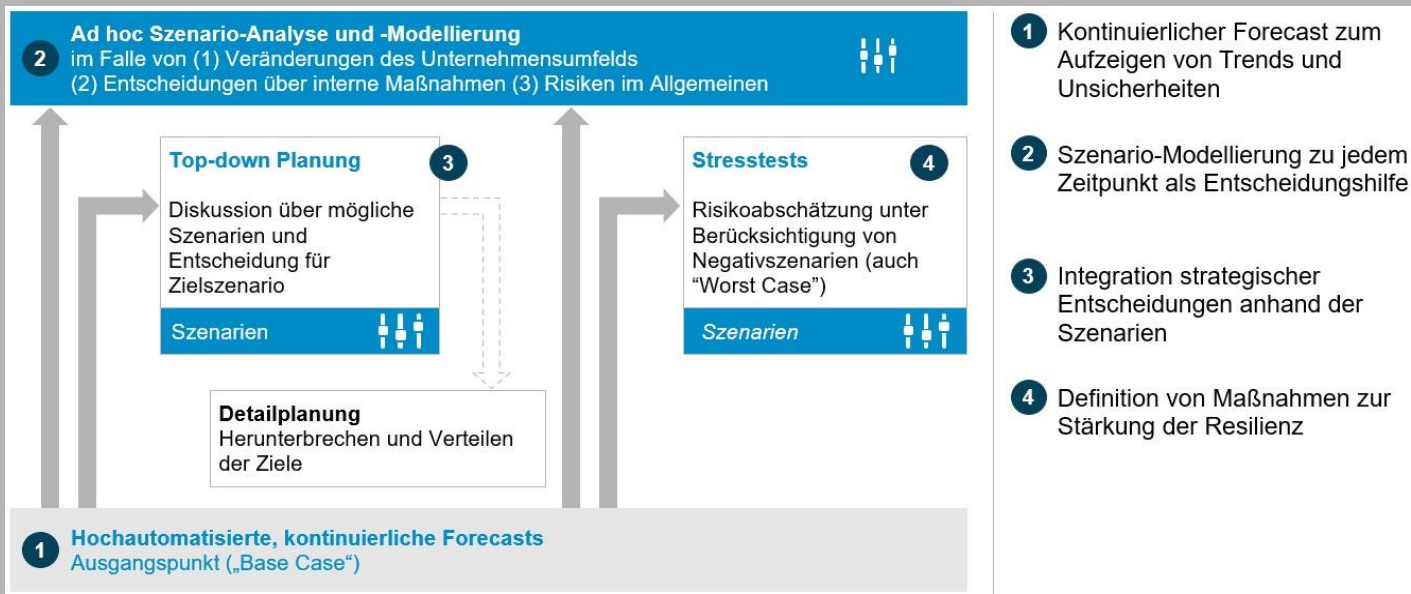


Fig. 2: The importance of scenario modeling is growing, and its integration into performance management processes is becoming standard practice, Source: Own illustration Horváth

CONNECT | In this section, we introduce contributors, interview partners, or companies from the Think Tank members in each issue.

The Think Tank of the ICV Ideas Workshop serves as a think tank and innovation lab where ideas are generated, discussed, and further developed. Our members come from various industries, including consulting, academia, and practice. Each year, rotating experts complement the core team. This interdisciplinary composition enables a broad exchange of experiences and diverse perspectives on the challenges and opportunities in modern controlling and work environments. Today, we would like to introduce one of our newest members, Stefan Thiesbrummel from Phoenix Contact GmbH & Co. KG.

Welcome! | Stefan Thiesbrummel

Stefan Thiesbrummel is an experienced finance and controlling expert with over 20 years of professional experience in various leadership positions, both in Germany and the USA. He completed his studies at the University of Applied Sciences in Paderborn, where he earned a degree in business administration (Diplom Kaufmann, FH). He expanded his expertise in the field of compliance through additional training to become a Certified Compliance Expert at the Steinbeis School of Governance and Risk in Berlin. Stefan Thiesbrummel began his career as an SAP Process Consultant at Siemens Business Services, where he carried out international SAP implementations. Throughout his career, he has gained extensive experience in finance, controlling, and compliance. Since 2012, he has held various leadership positions as Vice President of Corporate Controlling in publicly traded companies. Since 2018, he has been in this role at the family-owned company Phoenix Contact in Blomberg, where he has significantly contributed to the development of corporate management and performance management. His professional focus includes building and shaping corporate structures as well as performance management, particularly through the development of corporate planning or the successful introduction of a new target operating model at Phoenix Contact. He is strongly committed to the digitalization of controlling, including the establishment and expansion of Robotic Process Automation (RPA). Furthermore, he has extensive experience in executing corporate transformation projects, such as the merger of Wincor Nixdorf AG and Diebold Inc., as well as in the design and implementation of performance programs. We are very pleased that he will enrich the ICV Ideas Workshop with his expertise.



ICV Think Tank Updates | Haven't read the last edition of our newsletter yet?

[Here](#) you can find previous ICV Think Tank updates and further explanations on our annual theme "Controlling in the Globalized World 2.0." If you have any questions or suggestions, feel free to reach us via email: verein@icv-controlling.com

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