

Was machen Controller in 10 Jahren?

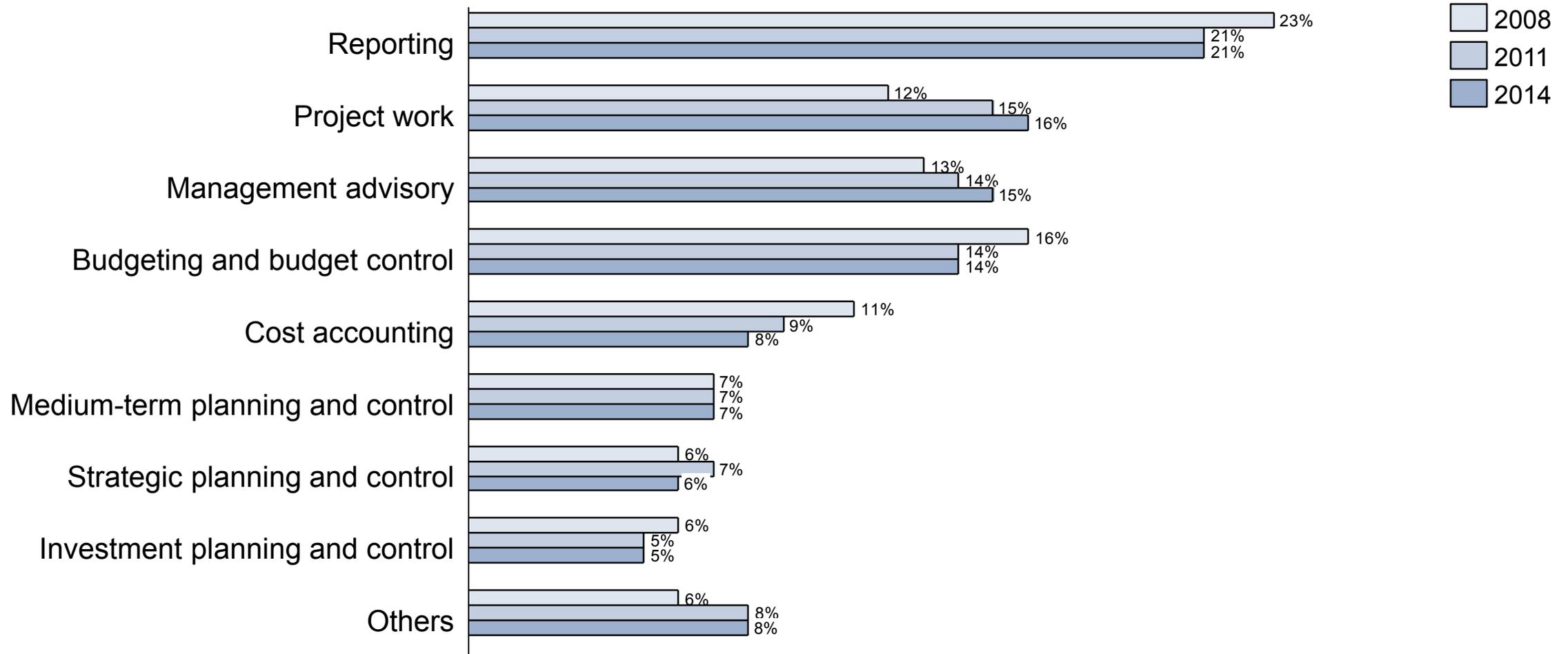
42. Congress der Controller
München, den 15. Mai 2017

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In the last years, controlling has continued to change, but on a rather slow and incremental basis

Working time allocated to standard controlling tasks



Source: Schäffer/Weber (2015), p. 13

Controlling 2027: can we simply extrapolate the past or will things change in a much more fundamental way?



Trends in information technology

Self-service

- Direct access to data
- Offers a new information channel for management

Mobility

- Data access from mobile devices such as smartphones and tablet PCs
- Increases the flexibility of managers

Real-time data

- Provision of real-time data (no noticeable delay)
- Enables processing of more up-to-date and larger-volume data

Interaction with management

- Access to data independent of formal reports prepared by controllers: “information democracy”
- Controllers in charge of process design & rules of the game (?)

Source: Strauß/Weber/Spittler (2012); Schäffer/Weber (2015)

Do you like baseball?



“Things looked bleak for the Angels when they trailed by two runs in the ninth inning, but Los Angeles recovered thanks to a key single from Vladimir Guerrero to pull out a 7-6 victory over the Boston Red Sox at Fenway Park on Sunday. Guerrero drove in two Angels runners. He went 2-4 at the plate. ‘When it comes to honoring Nick Adenhardt, and what happened in April in Anaheim, yes, it probably was the biggest hit [of my career],’ Guerrero said. ‘Because I’m dedicating that to a former teammate, a guy that passed away.’ Guerrero has been good at the plate all season, especially in day games. (...) He has hit five home runs and driven in 13 runners in 26 games in day games.”

So what about the task of commenting reports? Wouldn't that be one of the last tasks to automate?

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Source: <https://www.narrativescience.com/>

What role will digitalized board- and meeting rooms play in the future?

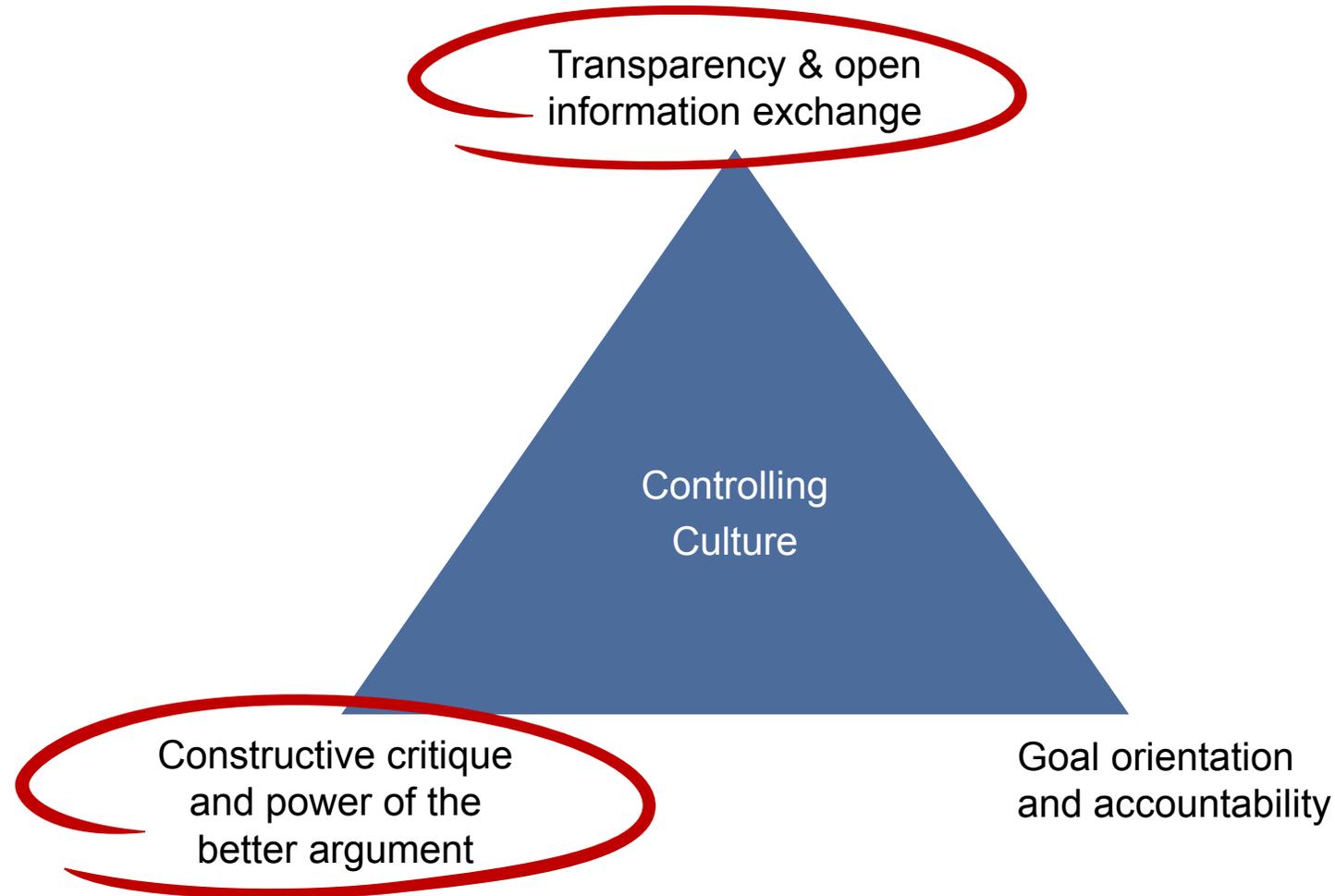


Promises

- Higher transparency and instant information access to answer ad hoc questions
- Greater integration of analysis, forecasting, what-if-simulation and planning into meetings & the management process

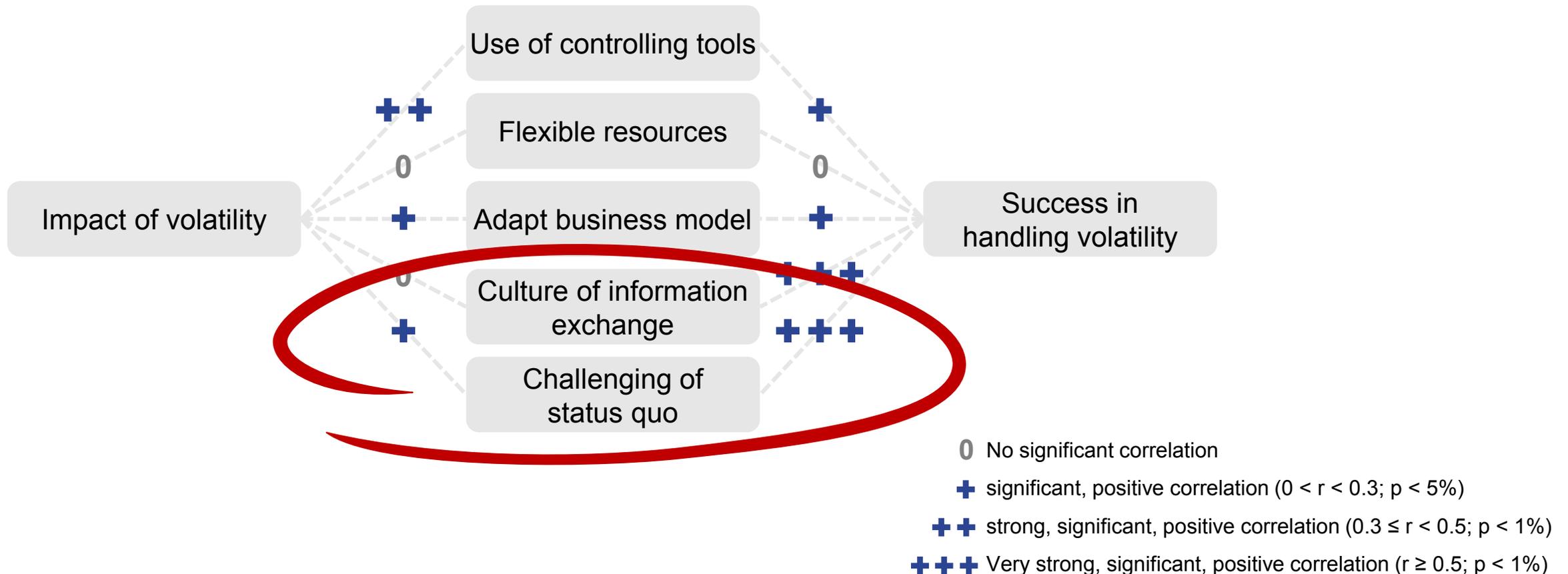
Challenges

- Underlying driver based models are complex and time consuming to build!
- And: they do not cope well with novelty and change!
- Is your decision-making culture ready for this?



Source: Schäffer/Weber (2016)

Empirical results suggest that a controlling culture is also the key factor in handling volatility



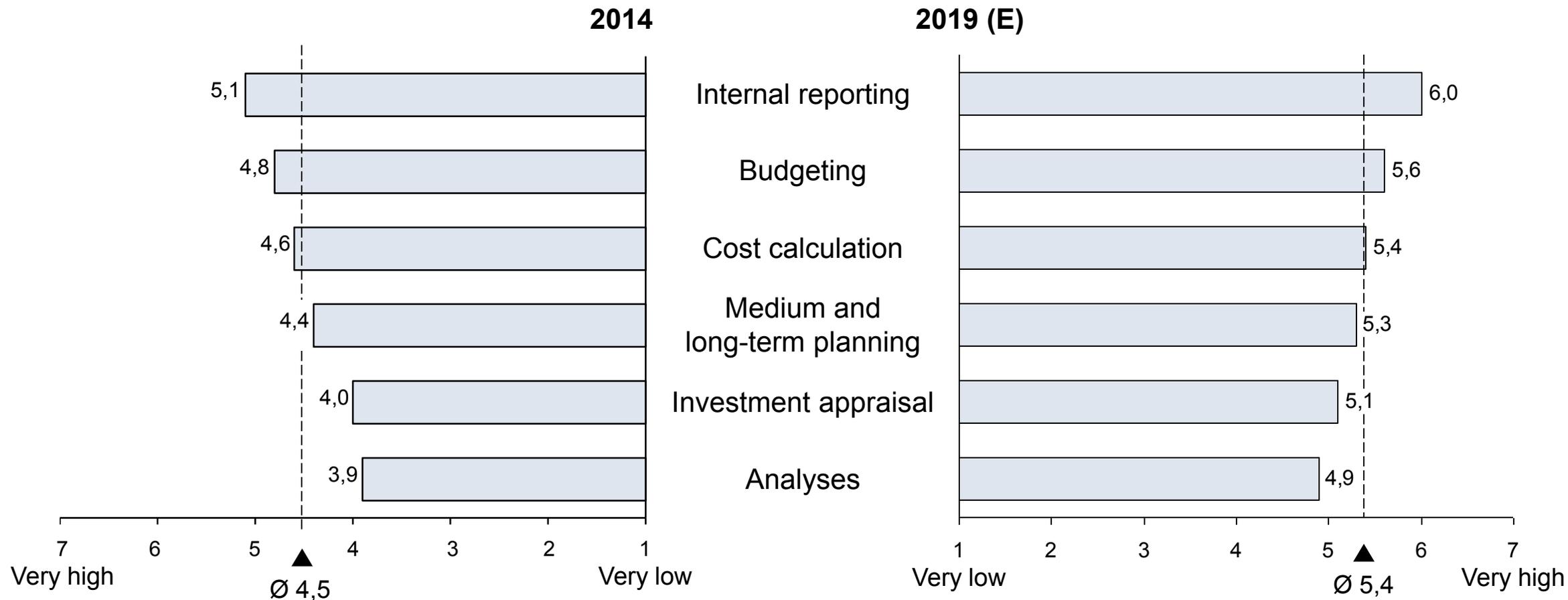
Source: Schäffer/Weber (2015)

How to develop a controlling culture? RWE set up a project to deal with cognitive biases in decision making

<p>Depersonalize the debate! e.g., secret voting</p>	<p>Think out of the box! e.g., zero-based approach</p>	<p>Take different perspectives into account! e.g., war-gaming</p>
<p>Organize dissent! e.g., devil's advocate</p>	<p>Focus on failure! e.g., pre-mortem session</p>	<p>Formalize the decision process! e.g., mandatory alternatives</p>

Source: Schäffer/Weber (2016)

Degree of standardization of controlling processes

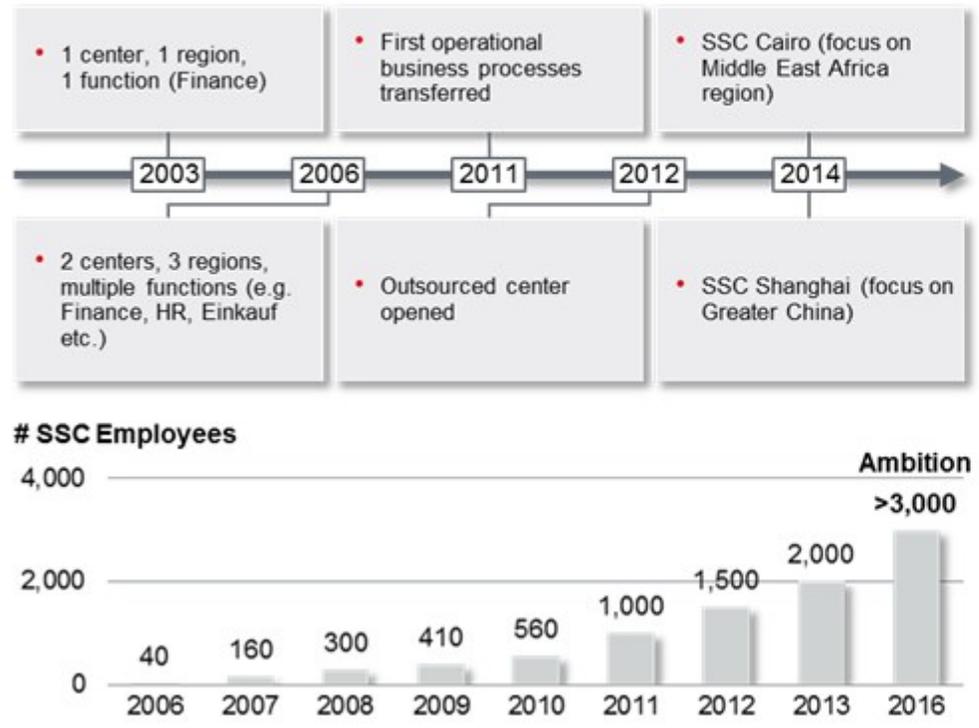


Source: Schäffer/Weber (2015), p. 207

Shared Services Journey @ Henkel

Shared Service Center footprint

“Good is just good enough.”
Kasper Rorsted

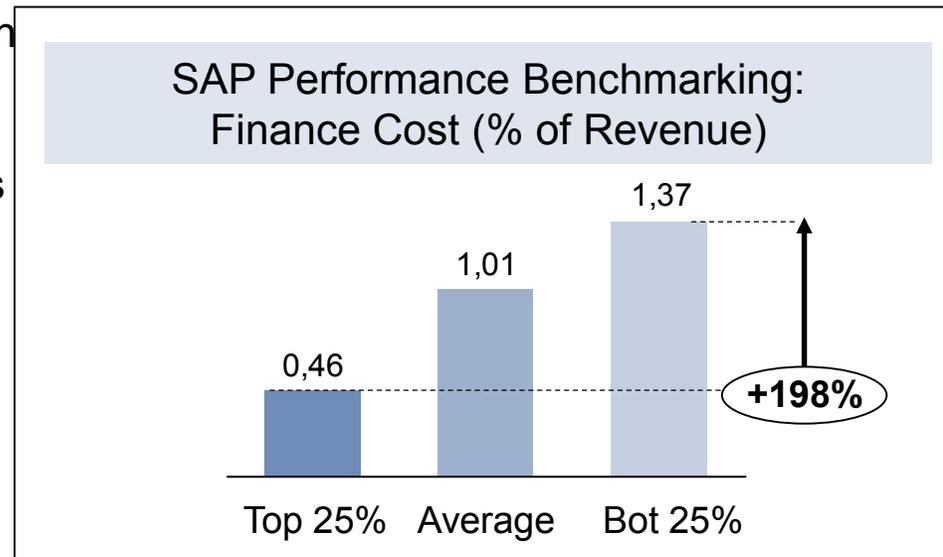


Source: Henkel (2015)

It is not entirely for you to decide ... efficiency pressure will continue to increase

Trends ranked according to their expected importance in 2019

Future trends	Importance 2011	Importance 2019 (E)	Standard deviation
1 Information systems	5.6	6.1	0.9
2 <u>Efficiency & Controlling</u>	5.4	5.7	1.1
Business Partner	4.4	5.7	1.1
4 Participation in strategic planning			
5 Internal communication			
6 Next generation of controllers			
Cash orientation			
8 Volatility			
9 Compliance			
10 Behavioral Controlling			



Source: Schäffer/Weber 2015; SAP Performance Benchmarking

“Last year, we started using predictive analytics and, already in our first run, we had better forecasts than before. Therefore, we continue and will largely automate the whole process.”

Group Controller, Company A

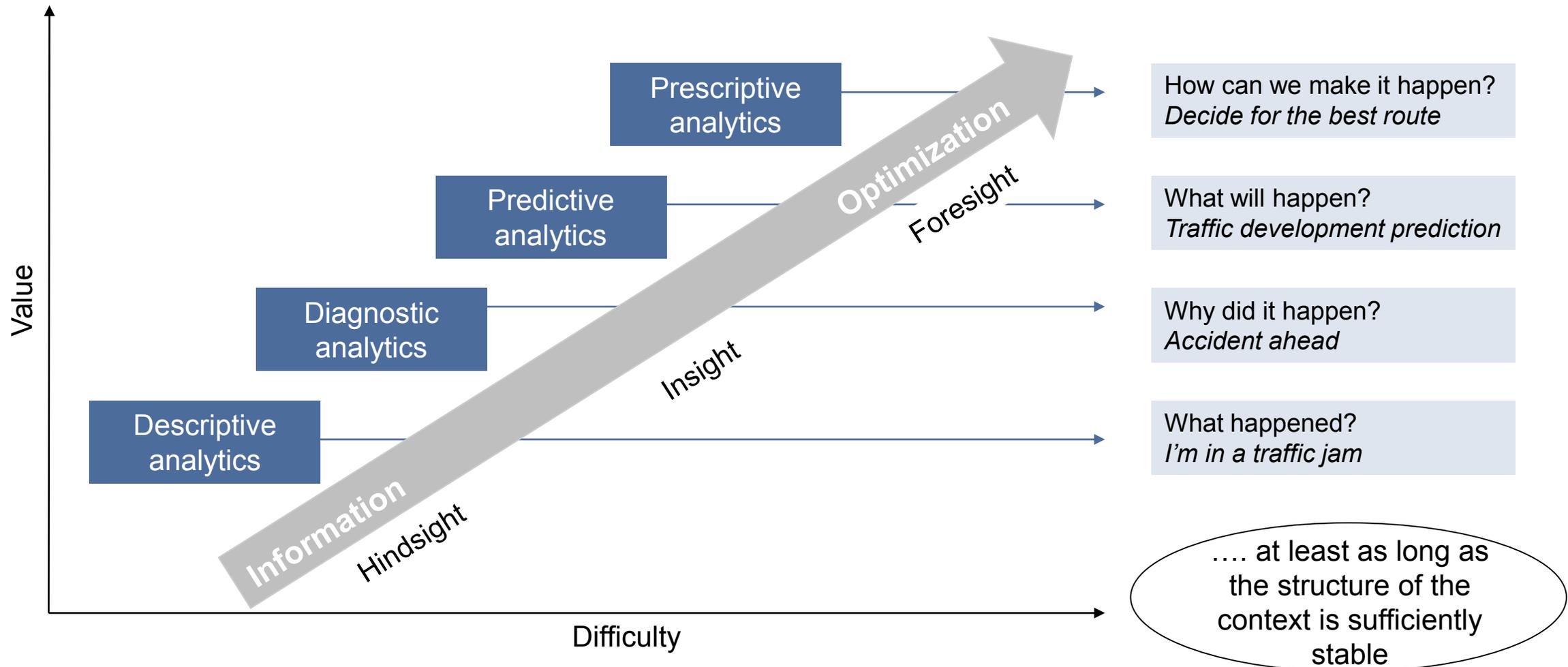


“We are in the early stages of a project to automate our corporate forecasting process. And, frankly, I do not care if we will have better forecasts. I want to make the process much leaner than it is today!”

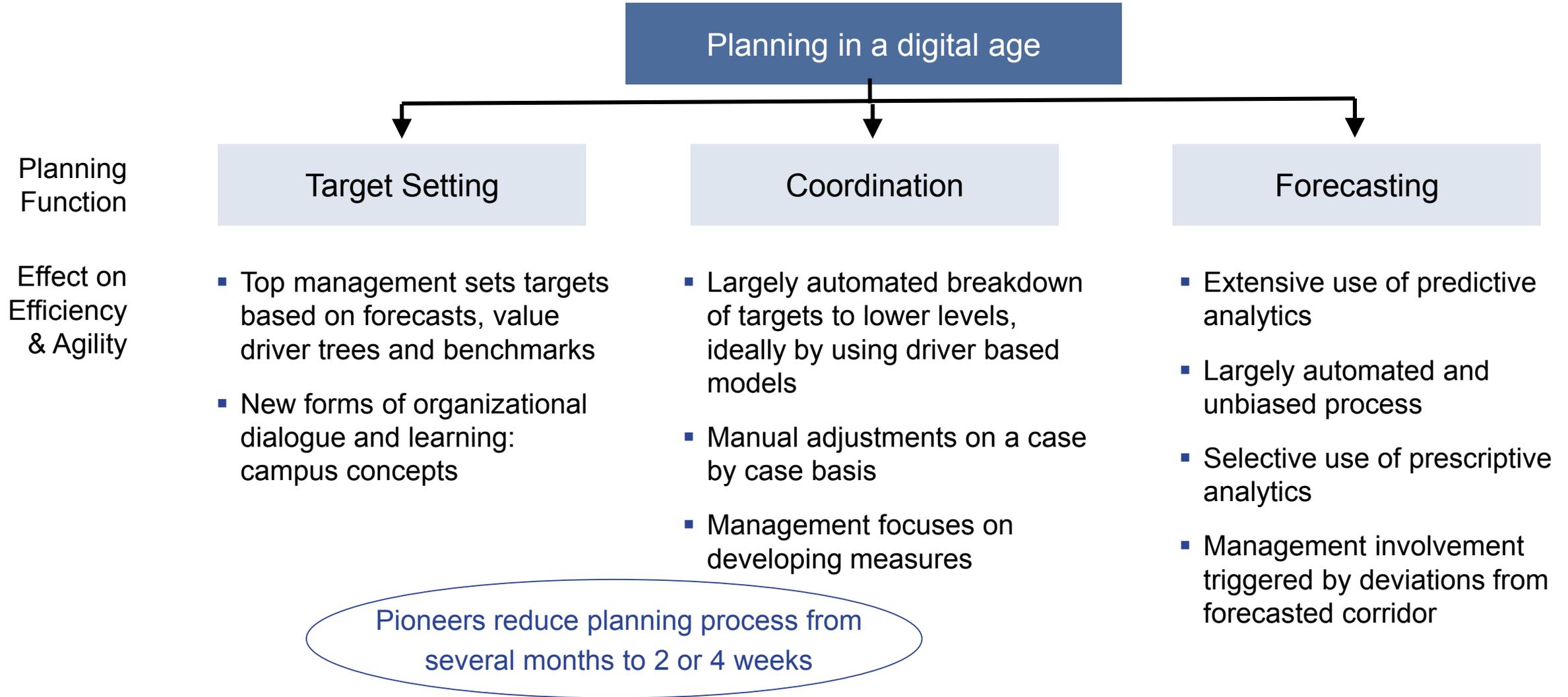
Group Controller, Company B

Source: Two group controllers from Dax30 companies

And maybe predictive analytics can even generate actionable recommendations ...



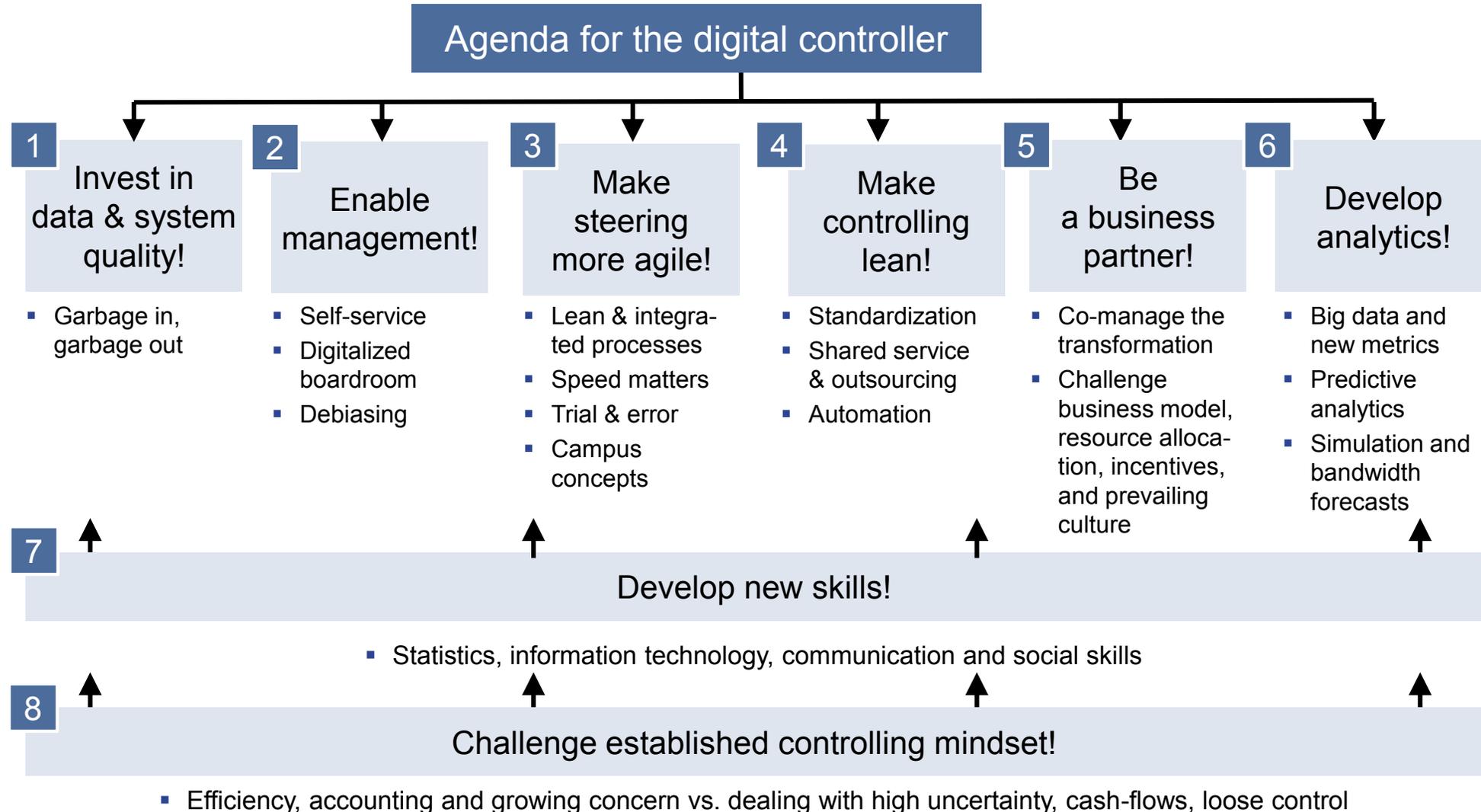
Source: Adapted from Gartner (2016) and Burrow (2014)



	Small Data	Big Data
Type of data	Structured: formatted in rows and columns Primacy of internal and financial data	Unstructured + structured Primacy of non-financial data
Volume of data	Small	Much bigger ... and growing
Flow of data	Pretty static data pool	Constant flow of data
Approach	Routine- and/or hypothesis-based	Exploration: asking the right questions!
Required skills	Accounting, Excel	Statistics, Maths, Programming, IT

Who will be the single source of truth in the future?

Source: Davenport (2014)

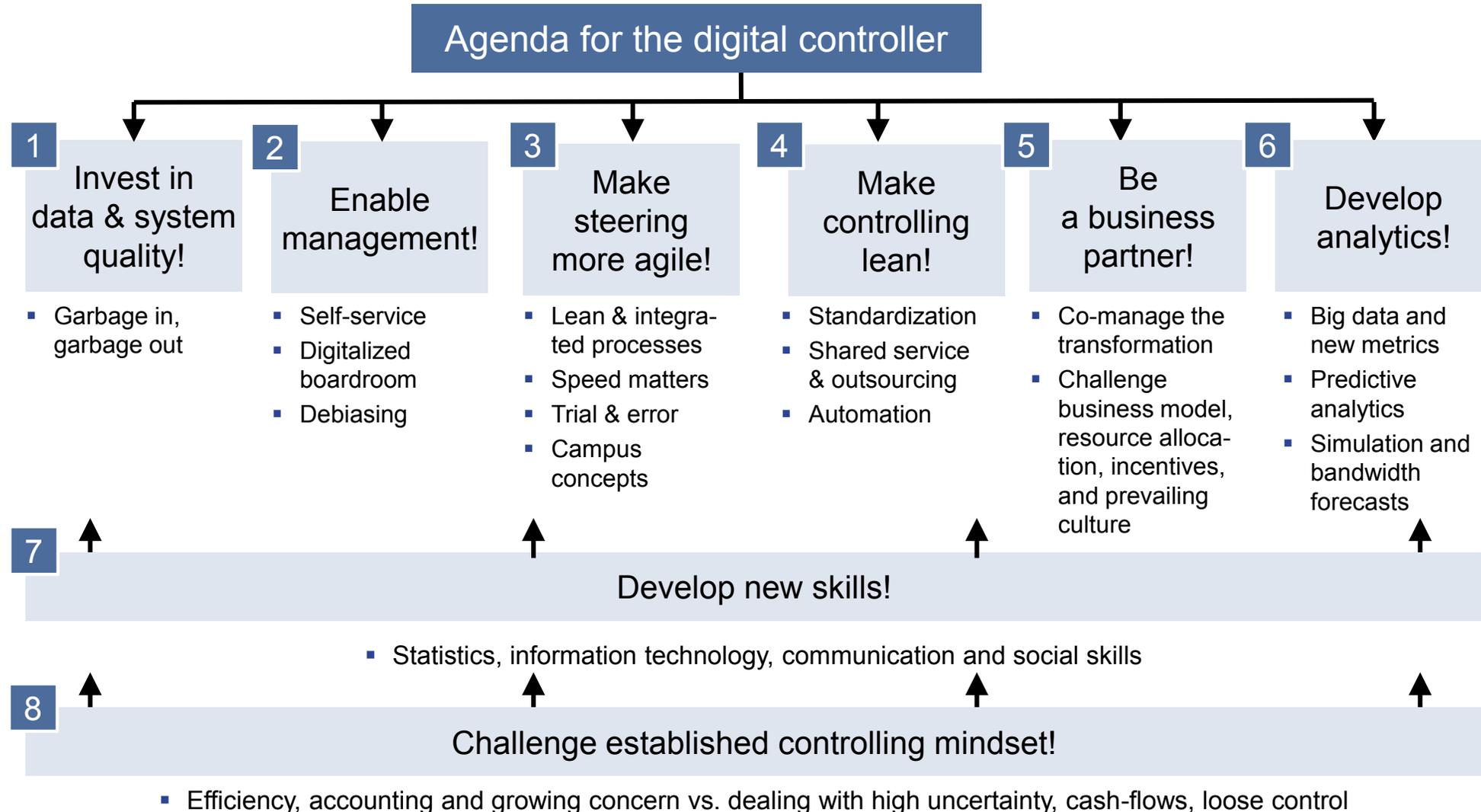


To master the digital transformation of your company's business models, controllers will need to balance two different mindsets

Old	New
Non-digital business	(Potentially) Digital business
Efficiency + profitable growth	Disruptive innovation
Low uncertainty	High uncertainty
"No failure!" & "No surprises!"	Trial & error
Going concern	Impatience with the status quo
Annual and quarterly cycle	Continuous change
Tight control	Loose control
Accounting-focus	Cash-focus

"The test of first-rate intelligence is the ability to hold two opposing ideas in mind at the same time and still retain the ability to function"
(F. Scott Fitzgerald)

Source: Schäffer/Weber (2016); Fitzgerald (1936)



Visit us on “WHU on Controlling”!



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