Controlling Process Model 2.0

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Agenda

1. Introduction: The need for process models
2. From IGC Controlling Process Model 1.0 to 2.0
3. Outlook: Applications and Use of Process Models
## Agenda

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### Initiatives of the International Group of Controlling (IGC)

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| Controller mission statement (2002, 2013) | ▲ How should controllers strategically position themselves?  
▲ What mandate and tasks follow from this positioning? |
| Controlling dictionary (1998, 2005, 2010) | ▲ What is the understanding of the controlling practice and what is the associated terminology necessary? |
| Controller and IFRS (2006) | ▲ What are the implications of adopting and employing IFRS for the controlling profession and practice? |
| Controlling process model (2011) | ▲ What are relevant processes in controlling?  
▲ What tasks stem from these processes?  
▲ How can these processes efficiently be aligned and calibrated? |
| Controlling process KPIs (2012) | ▲ What does performance in controlling departments look like in the context of the IGC process model?  
▲ How can controlling performance be measured and managed? |
| Controlling competence model (2015) | ▲ What competences do controllers have to possess to fulfill their tasks with high quality and to the satisfaction of their stakeholders? |
| Controlling process model 2.0 (2017) | ▲ What are the process in controlling (and their changes compared to 2011)?  
▲ How can these processes efficiently be aligned and calibrated? |
Why to model?

Model = a simplified and idealized description of a system (=group of items forming a unified whole)

- description function
- simplification function
- order function (system)
- reference
- design
- optimize
- compare / benchmark
- certify
# APQC Framework - Manage Financial Resources

## 8.0 Manage Financial Resources Definitions and Key Measures

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## Related processes

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As partners of management controllers make a significant contribution to the sustainable success of the organization.

Controllers …

1. design and accompany the management process of defining goals, planning and management control so that every decision maker can act in accordance with agreed objectives.

2. ensure the conscious preoccupation with the future and thus make it possible to take advantage of opportunities and manage risks.

3. integrate an organization’s goals and plans into a cohesive whole.

4. develop and maintain all management control systems. They ensure the quality of data and provide decision-relevant information.

5. are the economic conscience and thus committed to the good of an organization as a whole.

Company wide process model

Management processes
- Human resource management
- Governance
- Quality management
- Environmental protection, health & safety
- ... 

Core processes
- Inbound logistics
- Production
- Outbound logistics
- Marketing and sales
- Customer service

Project management

Support processes
- Accounting
- Personnel administration
- IT
- Legal services
- Communication
- ...
Introduction: The need for process models

From IGC Controlling Process Model 1.0 to 2.0

Outlook: Applications and Use of Process Models
Controlling

Controlling- Main processes

- Strategic Planning
- Operative Planning and Budgeting
- Forecasting
- Cost Accounting
- Management Reporting
- Project and Investment Controlling
- Risk Management
- Function Controlling (Group, R&D, Production, Sales Controlling etc.)
- Management Support
- Enhancement of Organisation, Processes, Instruments and Systems

Setting objectives | Planning | Control

IGC (ed.), Controlling Prozessmodell 2.0, Freiburg 2011
Influences on the Process Model

- Professional Organisations (e.g. APQC Financial Management Model)

  - Consultants (e.g. H&P Finance Process Model)

  - Structure
  - Scope
  - Content

IGC Competence Model

IGC Controlling Process Model 1.0

International Group of Controlling
Controlling Process Model 2.0

Analytics

Function Controlling
(Production-, Sales-, R&D-Controlling etc.)

Data Management
Risk Controlling
Project Controlling
Business Partnering
Management Reporting
Cost Accounting
Investment Controlling
Planning, Budgeting and Forecasting
Strategic Planning

Further Development of Organisation, Process, Instruments and Systems
Main Changes from Process Model 1.0 towards 2.0

**Process Model 1.0**

**Controlling - Main Processes**
- Strategic Planning
- Operational Planning and Budgeting
- Forecasting
- Cost Accounting
- Management Reporting
- Project and Investment Controlling
- Risk Management
- Function Controlling (Group, R&D, Production, Sales Controlling etc.)
- Management Support
- Enhancement of Organisation, Processes, Instruments and Systems

**Main Modifications**
- Synthesis to „Planning, Budgeting and Forecasting“
- Separation of Project and Investment Controlling
- New Process „Data Management“
- Coloured differentiation of processes
- Function Controlling now as 2nd dimension
- Management control process now circular

**Process Model 2.0**

- Strategic Planning
- Planning, Budgeting and Forecasting
- Investment Controlling
- Cost Accounting
- Management Reporting
- Business Partnering
- Project Controlling
- Risk Controlling
- Data Management
- Further Development of Organisation, Process, Instruments and Systems

IGC (ed.), Controlling Prozessmodell 2.0, Freiburg 2017
Main Process „Management Reporting“

**Process start**
- Event (e.g. monthly accounts) or ad-hoc inquiry

**Input**
- Data from relevant preceding systems and data to be recorded manually
- Data on business transactions (qualitative information)

**Sub-processes**
- Setting up the process
- Managing reporting systems/data processes
- Conducting data analysis and drawing up reports (figures section)
- Drawing up reports (variance analysis, message and comments)
- Conducting evaluation by management and initiating measures

**Output**
- Standard reports
- Ad-hoc-reports, each with „figures section“ and „comment/analysis section“
- Dashboards

**Process end**
- Reports have been discussed with management, countermeasures have been approved

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IGC (ed.), Controlling Prozessmodell 2.0, Freiburg 2017
Main Process „Management Reporting“

**Activities**
- Establishing strategic orientation and control concept
- Deriving ratios and dimensions of analysis
- Establishing reporting design, report recipients and report folder structures
- Defining reporting process (responsibilities, data flows, report dates)
- Building up data model
- Defining report systems (IT-System) and its functionalities
- Continuously examining need for change

**Activities**
- Managing IT architecture for reporting systems
- Supporting systems, tools for reporting
- Securing structured data process (data collection, maintenance, processing, access, analysis, distribution)
- Maintaining data structures
- Maintaining interfaces to preceding systems
- Providing support for users in handling the system
- Implementing new structures in reporting
- Removing errors in reports/reporting
- Preparing new reports

IGC (ed.), Controlling Prozessmodell 2.0, Freiburg 2017
Main Process “Data Management”

**Process start**
Further Development of business and/or controlling, identified needs for action from quality control or regular process start date for continuous improvement

**Input**
- Requirements of management regarding provision of information
- IT map and data flows
- Technical data model
- Data sources and content
- Legal conditions

**Sub-processes**
- Setting up the process
- Building and maintaining data model content
- Organising data flows and data storage
- Securing material quality of the data
- Determining necessary roles and positioning controller organisation
- Establishing governance processes and improving continuously

**Output**
- Business data model
- Authorised data base (single source of truth)
- Documented data flows
- Established mechanisms and measures for improving and securing data quality

**Process end**
Updated business data model, data base adapted to control requirements

IGC (ed.), Controlling Prozessmodell 2.0, Freiburg 2017
Identification of processes for transfer to shared service centers

1  Identification of processes or activities

2  Evaluation of activities according to the criteria

3  Allocation of activities to the four categories

- Evaluation criteria for standardisation:
  - Volume/frequency
  - Need for manual intervention
  - Knowledge required
  - ... 

- Evaluation criteria for isolability:
  - Interaction with core functions
  - Interaction with non-core functions
  - Intensity of contact with internal clients
  - ... 

(A) Knowledge processes with little interdependence
(B) Transactional processes
(C) Specific knowledge processes
(D) Standard processes with great interdependence

Processes/activities in controlling:
- Cost accounting
- Variance analyses
- Costing application
- Reporting
- Analytics
- Sales prognoses
- ...

IGC (ed.), Controlling Prozessmodell 2.0, Freiburg 2017
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Application of the process model

Areas of application of the process model and process indicators

- Benchmarking: Current 2.68, Future 3.01
- Implementation of IT-Systems: Current 2.58, Future 2.94
- Steering of processes: Current 2.87, Future 3.33
- Task determination: Current 3.01, Future 3.42
- Structuring of procedures: Current 3.00, Future 3.38
- Process ownership: Current 2.60, Future 3.32

Key: Scale from 1 (very unlikely) to 5 (very likely); Illustration of the mean of all participants (n=65)


International Group of Controlling
Applications and Use of Process Models

Why to model?

– deepen understanding
– increase comparability
– steer processes
– simplified communication
– measure performance
– benchmarking
– identify weaknesses
– starting point for process optimizations
– starting point for IT implementations
– task/process responsibility and role description
– …
Contact

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