

IMPLEMENTATION OF CONTROLLING TRANSFORMATION

Eva ŠANTAVÁ, Jozef SABLÍK, Viktória TALNAGIOVÁ, Benjamin SCHMACHER

ABSTRACT

The article outlines the survey that examined the implementation of the transformation of controlling in companies belonging to the global concern. First part describes different phases of implementation within the transformation. In second part are presented the results and knowledge from research to determine the level of implementation of controlling transformation. The survey describes the share based on the defragmentation of tasks and main tasks of controlling transformation, the allocation of the declared time within the individual activity groups and movement of activities from centre of expertise to business partner and vice versa. At the end, article outline that the controlling transformation is a must, but the companies need to review and adapt the transformation plan, only then the transformation could be successful.

KEY WORDS: *controlling, transformation, implementation, efficiency, optimalization, centre of expertise, business partner, standardization, elimination, simplification, automation*

INTRODUCTION

The overall goal of any transformation is the same, to align funding with the overall strategy of the company to become more efficient and better serve its internal customers.

The process of transforming financial and controlling functions is an extremely topical issue and it is therefore necessary for each company to establish its own position in this development process and to take the necessary measures for further development (PLAUT, 2019).

IMPLEMENTATION OF CONTROLLING TRANSFORMATION

In the research work, I conducted a survey that examined the implementation of the transformation of controlling in companies belonging to the global concern within the electrical industry. The companies participating in the survey are in Europe, Asia and America. The total number of companies undergoing transformation is 12. The aim of this transformation is to strengthen digital functionality and to introduce data services in controlling. Companies are currently in a critical step in the transformation of controlling, the key to a successful transformation is to focus on efficiency and move key people beyond implementation.

The different phases of implementation within the transformation were divided as shown in Tab. 1.

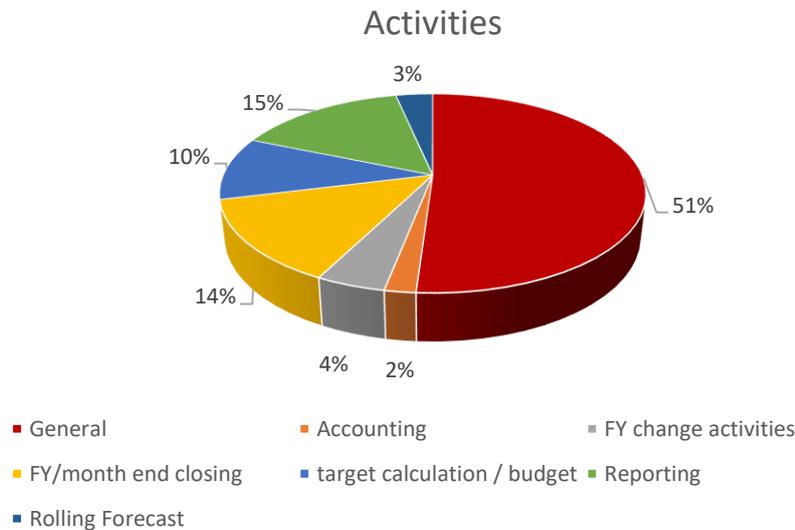
Tab. 1 The different phases of implementation within the transformation. Source: own processing

| Phase 1 |
|--|
| • introduce a vision |
| • operating model design |
| • communicate and initiate change |
| Phase 2 |
| • implement and improve the target organization |
| • migrate across all countries |
| • initiate process improvement |
| • create and implement a development model |
| • initiate change |
| Phase 3 |
| • implement role change |
| • improve the end process |
| • to facilitate people's development and cooperation |
| • involve the entire financial and controlling community |

Steps which need to be taken before controlling transformation (OSRAM, 2019):

- Standardization within production controlling:
 - simplification and alignment of key performance indicators within related parties,
 - automated balanced scorecard.
- Analysis of tasks:
 - perform analysis,
 - reconciliation with business units,
 - workshops,
 - simplification of calculations,
 - process harmonization.
- Defragmentation of production controlling tasks:
 - development of a detailed task list with the definition of 100 work activities,
 - defining tasks according to the activity list and matching them.
 - division of tasks between business partner, expertise centre and shared service centre,
 - questionnaire approach within individual companies,
 - analysis of collected data,
 - completion of task defragmentation by process documentation.

The graph 1 shows the share based on the defragmentation of tasks based on the questionnaire.



Graph 1 Share based on the defragmentation of tasks. Source: own processing.

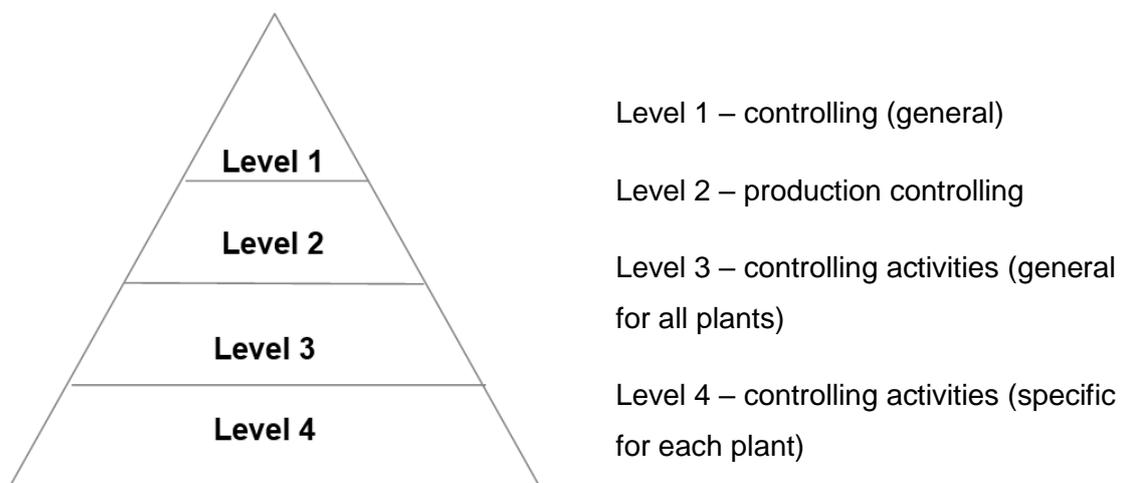
The following rules were established based on the collected questionnaires:

- the list of activities that are generally performed in all related parties is ideal for standardization and optimization. All these activities will be allocated to the centre of expertise, including e.g. monthly accounts, analyses, reporting, data presentation, budget and forecasting,
- any other activity that is specific to a business must be the responsibility of the business partner; project calculation, investment calculation, valuation of finished products, etc.

The main tasks of controlling transformation with the help of centres of expertise are (OSRAM, 2019):

- streamlining processes,
- establishing and providing global management and consulting,
- sharing best practices,
- empowering people.

The distribution of controlling activities is shown in picture 1 (OSRAM, 2019).



Picture 1 The distribution of controlling activities

The survey analysed the information and activities provided from each company. These data have been consolidated across several task groups. Once all activities have been defined, they were assigned either to the business partner or to the centre of expertise. In addition, there have been considered also possible transfer of some activities to the Shared Services Centre. Subsequently, a transformation plan was prepared for each company, which was linked to the level of declared activities according to the above classifications, in order to show the flow of activities within the departments. The survey was evaluated based on the declared time spent by each individual inspector for each individual activity in each company. The overall classification of the declared time was further divided into two functional groups:

- centre of expertise,
- business partner.

The first survey showed the allocation of the declared time within the individual activity groups as shown in Tab. 2

Tab. 2 Assignment of declared time within each activity group. Source: own processing

| Activity type | Total | Centre of expertise | Business partner | Global shared services |
|----------------------|-------------|---------------------|------------------|------------------------|
| General | 53% | 30% | 23% | 0% |
| Accounting | 2% | 0% | 2% | 0% |
| FY change activities | 2% | 1% | 1% | 0% |
| FY/month end closing | 14% | 8% | 6% | 0% |
| target calculation | 10% | 8% | 2% | 0% |
| Reporting | 15% | 10% | 4% | 2% |
| Forecast | 3% | 2% | 1% | 0% |
| Total | 100% | 60% | 38% | 2% |

The second overview shows how it is necessary to move individual activities from the centre of expertise perspective that the division of tasks is optimal, or ideal, this overview is set out in Table 3.

Tab. 3 Transfer of activities from the centre of expertise perspective. Source: own processing

| Activity type | Centre of expertise | Business partner | Global shared services |
|----------------------|---------------------|------------------|------------------------|
| General | 39% | 13% | 0% |
| Accounting | 1% | 1% | 0% |
| FY change activities | 1% | 1% | 0% |
| FY/month end closing | 10% | 7% | 0% |
| target calculation | 9% | 1% | 0% |
| Reporting | 11% | 4% | 2% |
| Forecast | 1% | 0% | 0% |
| Total | 72% | 26% | 2% |

The third overview shows how it is necessary to move individual activities from the perspective of a business partner in order to divide the tasks optimally, or ideal situation, this overview is presented in Table 4.

Tab. 4 *Transfer of individual activities from the perspective of the business partner. Source: own processing*

| Activity type | Centre of expertise | Business partner | Global shared services |
|-----------------------------|---------------------|------------------|------------------------|
| General | 20% | 33% | 0% |
| Accounting | 0% | 3% | 0% |
| FY change activities | 1% | 1% | 0% |
| FY/month end closing | 6% | 5% | 0% |
| target calculation | 8% | 3% | 0% |
| Reporting | 10% | 4% | 1% |
| Forecast | 3% | 2% | 0% |
| Total | 48% | 51% | 1% |

The transformation plan for each business is a move of business partners' activities to the centre of expertise and vice versa. After such an exchange of activities, the optimal setting of tasks will be at the centre of expertise in terms of staffing as well as further development within standardization and harmonization.

Transforming controlling is more than a typical topic in Industry 4.0. However, the individual companies within the concern group are in different stages of implementation of this transformation. Companies are gradually beginning to enter the first stages of implementation. The last phase of implementation should take place in the second half of 2020. Even though the whole transformation is organized within the concern group, the progress of the implementation is delayed and there are doubts among the employees regarding the implementation of changes and timetable fulfilment. Employees do not have clear instructions how the standardization of reports will be designed. Each company has its specifics regarding the nature of production. While the centre of expertise will face an enormous challenge on the one hand, we certainly see space for standardization, elimination, simplification and automation of processes.

CONCLUSIONS

It is important to consider whether controlling is ready for new challenges. Traditional controlling is usually very intense and with the highest degree of accuracy possible, usually focusing on retrospective data and spending enormous time in analysing facts that have happened in the past. However, given the current changes, traditional controlling does not meet the needs of management as an internal customer, where the main role should be supporting the maintenance of the company's competitiveness. Employees need to change their mind set and set on this change also other process.

Transformation is an ongoing process and not a one-off exercise. During the transformation process, there will be various aspects that require a special approach. It is important that the company is not afraid of to review its transformation plan if the situation requires that. Only then will the company be able to develop.

REFERENCES

- Industry4um, <https://industry4um.sk/vyhodnotenie-prieskumu-industry-4-0-sr-2018/>
Finance Transformation: The Art of Getting More from Your Finance Team, <https://openviewpartners.com/blog/finance-transformation-the-art-of-getting-more-from-your-finance-team/#.XSeyn-QUk0Q>
FINANCE & CONTROLLING IN A NEW RESPONSIBILITY, <https://www.plaut.com/finance-controlling>
WHU on controlling, <https://www.whu-on-controlling.com/en/latest-thinking/digitalization/>
OSRAM, Company documentation, presentation of OSRAM team

Kontaktné údaje autorov

Ing. Eva Šantavá

external student PhD.
OSRAM, a.s., Komarňanská cesta 7,
940 93 Nové Zámky, Slovak Republic

prof. Ing. Jozef Sablík, CSc.

Slovak University of Technology in Bratislava
Faculty of Materials Science and Technology in Trnava
Institute of Industrial Engineering and Management
Ul. Jána Bottu 2781/25, 917 24 Trnava, Slovak Republic

Ing. Viktória Talnagiová, PhD.

OSRAM, a.s., Komarňanská cesta 7,
940 93 Nové Zámky, Slovak Republic

Ing. Dipl. (FH) Benjamin Schmacher MSc.

external student PhD.
SMS AUSTRIA GMBH,
SMS-STRASSE 1,
9065 Ebenthal in Kärnten, Austria

