

Contents

Preface	V
Objectives and structure of the book	VII
Controlling as the Foundation of Performance Management	1
Introductory Remarks	1
Further reading	4
1. Nature and Structure of Controlling	5
1.1 Chapter objectives	5
1.2 Introduction	6
1.3 Tasks of Controlling	6
1.4 Role and job description of the controller	8
1.5 The “House of Controlling” – Building blocks of an effective controlling system	10
1.6 The “House of Controlling” and its context factors	14
1.7 What comes next	18
1.8 Design checklist for managers and controllers	18
Further reading	19
2. Management Accounting	21
2.1 Chapter objectives	21
2.2 Introduction	22
2.3 The design for effective Management Accounting	23
2.3.1 Cost and profit accounting	23
2.3.1.1 Full costing systems	26
2.3.1.2 Direct costing systems	35
2.3.1.3 Activity-based costing	40
2.3.1.4 Income statement	49
2.3.1.5 Target costing	52
2.3.2 Investment appraisal	54
2.3.3 Investment appraisal methods	55
2.3.4 Investment appraisal system	60
2.4 The configuration of effective financial accounting	64
2.5 Practical example	67
2.5.1 The Fischer corporate group	67
2.5.2 Project: Reconfiguring cost and profit accounting and financial reporting	69
2.5.3 Lessons learned	72
2.6 Configurations checklist for managers and controllers	73
Further reading	74

Contents

3. Strategic Planning	75
3.1 Chapter objectives	75
3.2 Introduction	75
3.3 Creating an effective strategic plan	76
3.3.1 Strategy process	79
3.3.2 Selected strategic analysis instruments	81
3.3.3 Selected strategy development instruments	84
3.3.4 Strategy evaluation/selection with the instruments of value-based management	86
3.3.4.1 Discounted cash flow method (DCF)	89
3.3.4.2 Economic Value Added method (EVA)	91
3.3.5 Strategy description and communication with strategy maps and the Balanced Scorecard	93
3.3.6 Strategy anchoring and strategy controlling	98
3.4 Practical example	102
3.4.1 Prints GmbH	102
3.4.2 Project: Development of a Balanced Scorecard	102
3.4.3 Lessons learned	107
3.5 Organisational checklist for managers and controllers	108
Further reading	108
4. Operative Planning, Budgeting and Forecasting	109
4.1 Chapter objectives	109
4.2 Introduction	109
4.3 Designing effective operative planning	110
4.4 Designing an effective budget	112
4.4.1 Budget system	112
4.4.2 Budgeting process	123
4.4.3 Budgeting bodies	129
4.5 Designing an effective forecast	129
4.5.1 Traditional forecast	129
4.5.2 Rolling forecast	130
4.6 Practical example	134
4.6.1 Safety Ltd	134
4.6.2 Project: Developing a new forecasting process	134
4.6.3 Lessons learned	139
4.7 Organisational checklist for managers and controllers	139
Further reading	140
5. Financial Management and Financial Controlling	141
5.1 Chapter objectives	141
5.2 Introduction	141
5.3 Designing effective Financial Management and Financial Controlling .	142
5.3.1 Financial Management	143

5.3.2 Financial Controlling	146
5.3.2.1 Tasks of Financial Controlling	146
5.3.2.2 Financial Controlling tools	147
5.4 Practical example	152
5.4.1 Media AG	152
5.4.2 Project: Optimising liquidity planning	153
5.4.3 Lessons learned	156
5.5 Design checklist for managers and controllers	157
Further reading	157
6. Management Reporting	159
6.1 Chapter objectives	159
6.2 Introduction	159
6.3 Setting up effective management reporting	160
6.3.1 Basis: Effective analysis of need for information	161
6.3.2 Defining effective key figures	162
6.3.2.1 Function and categories of key figures	162
6.3.2.2 Key figures systems	167
6.3.2.3 The measurement parameter system of a Balanced Scorecard	168
6.3.3 Designing effective reporting	172
6.3.4 Current trends in management reporting	176
6.4 Practical example	178
6.4.1 Handels GmbH	178
6.4.2 Project: Development of a key figures system with standardised reports ..	178
6.4.3 Lessons learned	180
6.5 Design checklist for managers and controllers	181
Further reading	181
7. IT System	183
7.1 Chapter objectives	183
7.2 Introduction	183
7.2.1 Using IT in operations	184
7.2.2 Standard software selection process	186
7.3 Designing effective IT support for Controlling	188
7.3.1 Principles of IT Support	188
7.3.2 IT Support for Planning, Control and Data Analysis	190
7.3.3 Automation of Controlling Processes	193
7.4 Practical example	194
7.4.1 Industrielle Dienstleistungen GmbH and Anlagenbau AG	194
7.4.2 Project: Linking the Chart of Accounts and Cost Centre Plan	194
7.4.3 Lessons learned	198
7.5 Design checklist for managers and controllers	199
Further reading	200

Contents

8. Controlling Organisation	201
8.1 Chapter objectives	201
8.2 Introduction	201
8.3 Design of an effective Controlling organisation	203
8.3.1 Factors influencing the Controlling organisation	203
8.3.2 Embedding Controlling into the company	204
8.3.3 Controlling's tasks	207
8.3.3.1 Process-orientated Controlling organisation	208
8.3.3.2 Controlling Shared Service Centre	212
8.3.3.3 Specialist Controlling tasks	215
8.3.4 Structure of the Controlling division	220
8.3.5 Controlling resources	222
8.4 Practical example	225
8.4.1 Travel SE	225
8.4.2 Project: Development of a CFO organisation across different locations ..	225
8.4.3 Lessons learned	229
8.5 Organisational checklist for managers and controllers	229
Further reading	230
9. Governance	231
9.1 Chapter objectives	231
9.2 Introduction	231
9.3 Designing an effective monitoring system	234
9.3.1 Internal control system	234
9.3.1.1 Internal control system function	234
9.3.1.2 The COSO concept	235
9.3.2 Internal audit	236
9.3.2.1 Internal audit function	236
9.3.2.2 Internal audit method	237
9.3.3 Risk management	240
9.3.3.1 Role of risk management	240
9.3.3.2 Risk analysis	241
9.3.3.3 Risk planning and control	243
9.3.3.4 Risk monitoring and documentation	244
9.4 Practical example	245
9.4.1 Medizintechnik AG	245
9.4.2 Project: Setting up systematic risk management	245
9.4.3 Lessons learned	249
9.5 Organisational checklist for managers and controllers	249
Further reading	250
10. Trends	251
List of authors	254
List of abbreviations	255
Bibliography	259
Index	263