



Corporate Controlling Tasks Short Descriptions and Examples

Corporate Controlling: A Definition

- **Corporate Controlling** is a combination of **tasks, methods and responsibilities** that are specific to the control of **multi-business companies**. The Corporate Controlling concept is based on the belief that standardization and central organization of these tasks will lead to a higher level of excellence in this field.
- Summing up, three basic principles are important to the Corporate Controlling concept
 - Specialization
 - Standardization
 - Centralization
- By **specializing** in Corporate Controlling tasks, professionals could establish and implement **standards** that could be beneficial to the whole organization. These standards would include the harmonization of calculation procedures, method definitions, key performance indicators, data sources etc. If these tasks are performed in one **central unit**, synergy effects can be achieved.
- It is the goal of the **Corporate Controlling Association** to foster research and collaboration in this field and build a community of academics and practitioners.

Mergers & Acquisitions Controlling

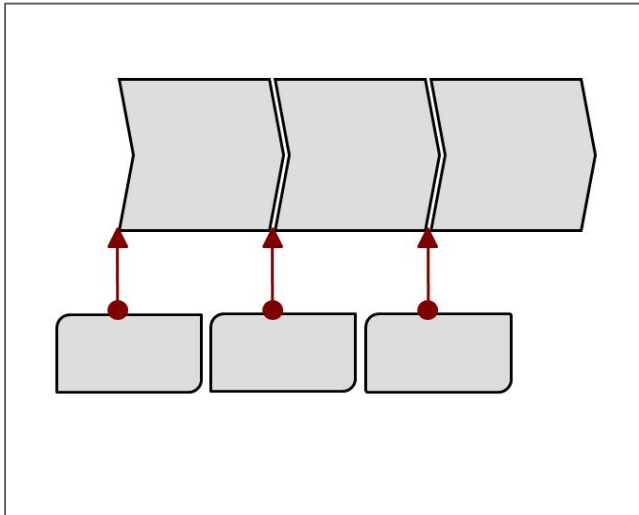
Short Description:

M&A activities are clearly of corporate nature, because they concern and influence the corporate “set-up” of a multi-business company. Although the term has established this way, it does not only concern mergers and acquisitions, in the narrow sense, but also divestments (sale of a legal entity or part of the multi-business company), de-mergers (separation of parts of the multi-business company and a separate unit, often including an initial public offering for parts of the multi-business company), and close-downs (discontinuation of formerly performed activities without selling or separating these).

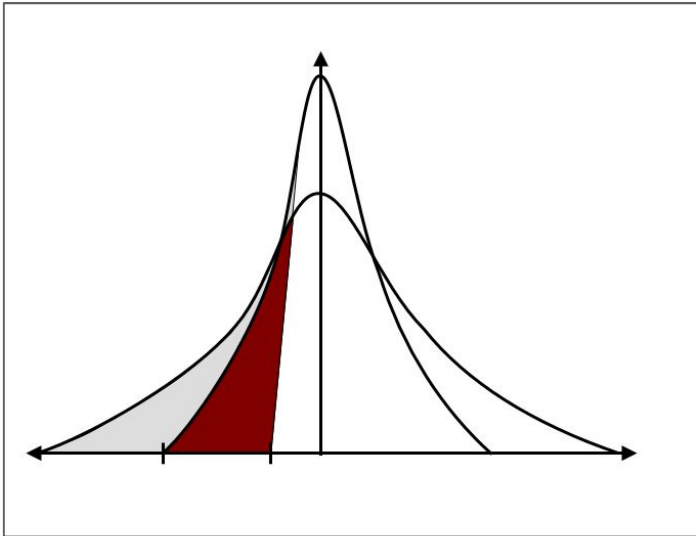
The role of Corporate Controlling in this process is the organization of the M&A process and the support with information and analysis such as financial valuation, deal structures, strategic positioning etc.

Examples of Sub-Tasks:

- Financial valuation of firms
- Organization of the M&A process campaigns
- Deal structures
- Strategic positioning



Investment Analysis

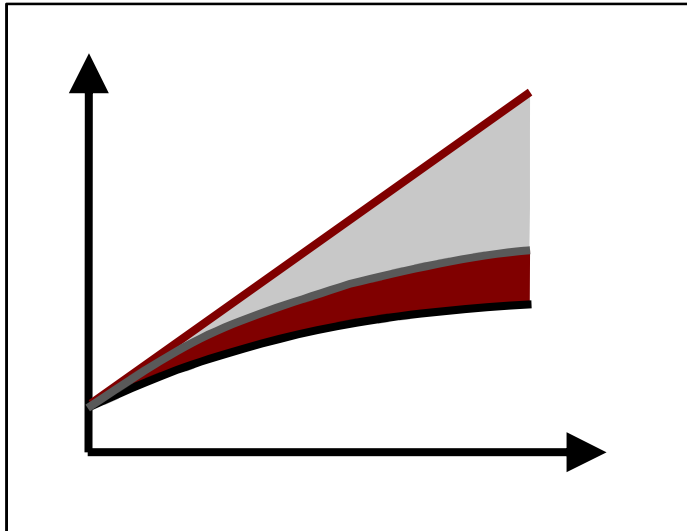


Short Description:

Investments in assets or activities other than corporations only qualify as a Corporate Controlling task if they have substantial corporate impact because of their size or strategic relevance. This could be the case for investments like major R&D initiatives, the establishment of major corporate sites or plants or strategic projects like entering a new market. In this sense, investment analysis does not necessarily only refer to projects which lead to a capitalization of the item invested in.

Examples of Sub-Tasks:

- Valuation of tangible and intangible assets
- Valuation of R&D projects
- Valuation of marketing campaigns
- Valuation of licensing deals



Short Description:

Risk management applies risk analysis techniques to support long-term decisions of corporate management under uncertainty. Although the final interpretation and decision-making is part of the responsibilities of corporate management, collection of data, application of certain techniques, and preparation of the results support the strategic decision makers at the corporate level. In addition to that, long term plans and budgets are prepared based on the decisions made on the strategic level.

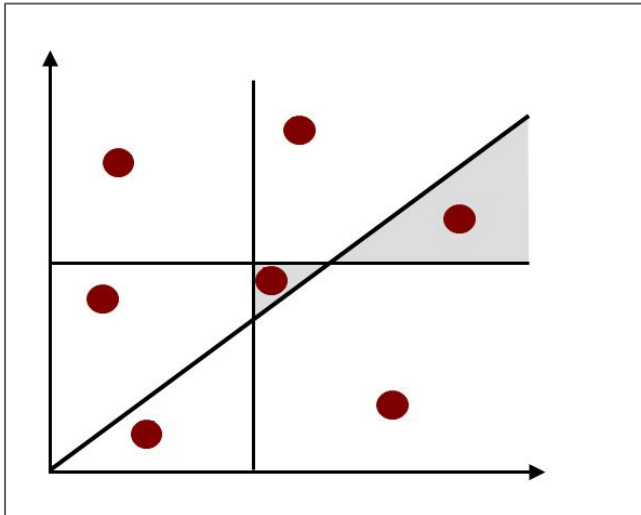
Examples of Sub-Tasks:

- PEST/EL (macro-economic analysis)
- Industry Structure Analysis
- Portfolio Analysis

Controlling of international Subsidiaries and Affiliates

Short Description:

The existence of fully or partly owned legal entity is the defining feature of a multi business company. In so far, the controlling of these legal entities is a core activity off corporate controlling. In many cases this will be associated with the necessity to act in an international environment including the resulting problems with exchange rates, inflation, controlling cultures etc.



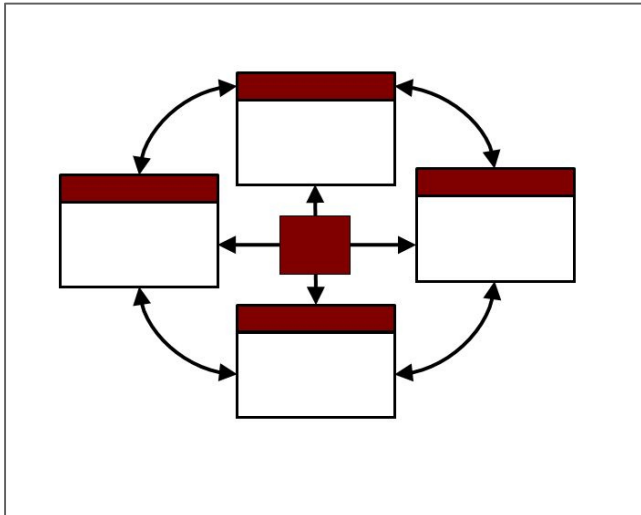
Examples of Sub-Tasks:

- Reporting in functional currency
- Performance appraisal
- Optimization of transfer pricing
- Analysis of inflation rates

Strategic Performance Measurement

Short Description:

Performance measurement is the goal oriented evaluation of corporate activities. Although performance can also be measured on a purely financial basis, modern performance measurement systems, like e.g. the Balanced Scorecard, define performance within a broader scope, including qualitative, strategic and non-financial metrics. Performance measurement systems measure the achievement of strategic goals rather than the short term variation from a certain standard.



Examples of Sub-Tasks:

- Balanced Scorecard management
- Definition of global performance measurement systems
- Total Quality Management reporting (EFQM, Malcom Baldrige etc.)

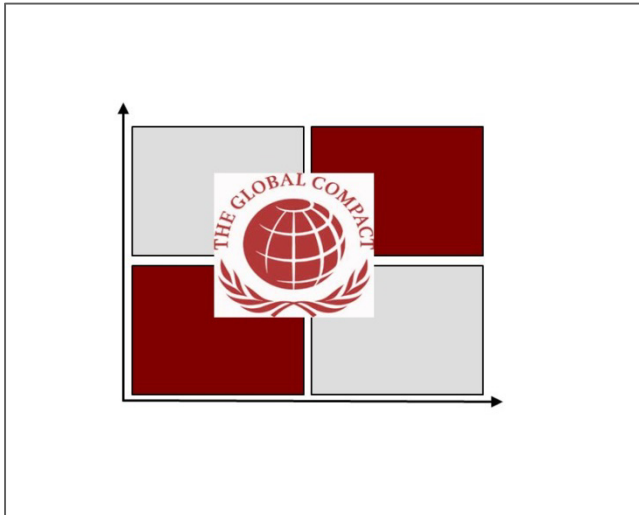
Corporate Social Responsibility Reporting

Short Description:

The controlling of corporate social responsibility is a topic that has been of increasing relevance in the last years. The adherence to goals of the society and other stakeholders is not only an ethical necessity but also provides a major building block for competitive advantage. Compared to other fields of controlling, the development of standards, methods and definitions in this field is however still at the beginning..

Examples of Sub-Tasks:

- Definition of reporting frameworks (UN Global Compact etc.)
- Adjustment to industry
- Consolidation of data
- External and Internal CSR reporting
- Publishing of CSR reports



Short Description:

Taxes and their optimization are a topic that is of special complexity in the corporate environment. International differences and the multi-business company structure including several entities lead to specific corporate tax optimization problems. Like treasury, tax planning is a very specific support function at the borders of the corporate controlling concept.

Examples of Sub-Tasks:

- Tax optimization
- Analysis of impact of transfer pricing
- Consolidating tax data
- Consulting of subsidiaries in tax reporting
- Contacts to legal bodies



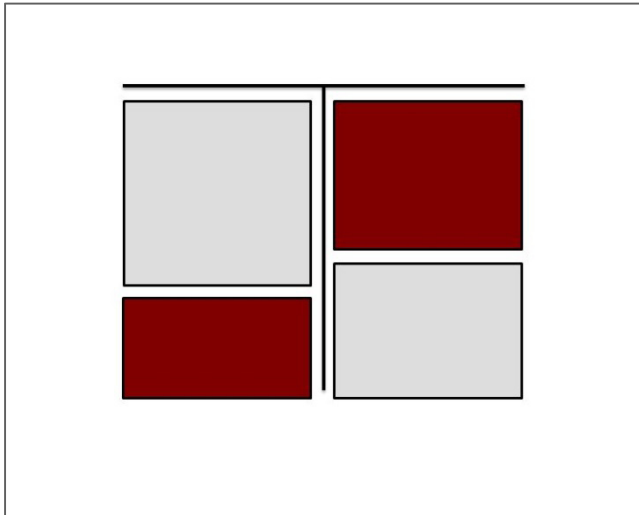
Harmonization of Accounting Principles

Short Description:

Corporate structures do of course require a globally harmonized financial reporting. This includes the definition of a global guideline, like for example IFRS or US GAAP, but also the harmonization of the actual application of these guidelines. Often, this will go together with the responsibility for consolidation of financial statements.

Examples of Sub-Tasks:

- Consolidation of financial statements
- Controlling of the application of global accounting guidelines
- Definition of reporting contents
- Management of the consolidation process
- Accounting for specific items on the group level (e.g. goodwill)



Master Data Maintenance

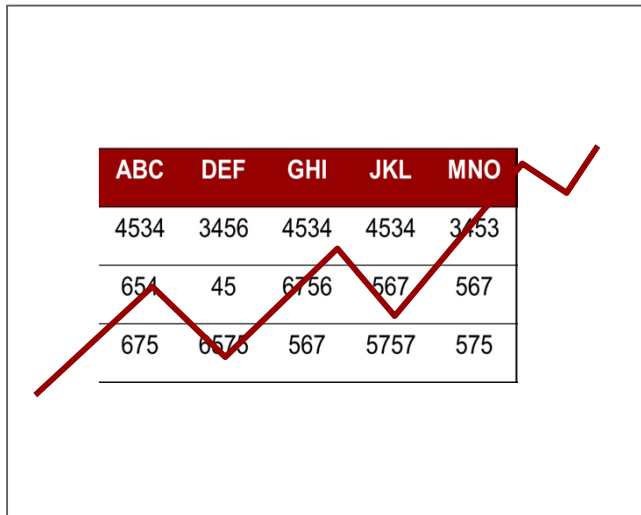
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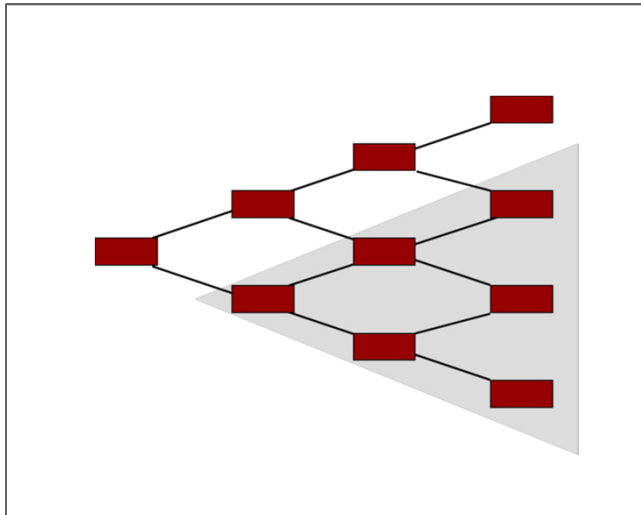
Information supply is an integral part of the German controlling concept. In order to perform all of the corporate controlling tasks, a broad set of data has to be maintained to ensure standardized definitions, timeliness, and the quality of the respective data. Since there is no generally accepted term for this activity, the term “fact base” or “corporate information supply” might also be used.

Because of the possibly diverse background of different parts of a multi-business company, this activity plays a very special role in the corporate environment. It also includes the consolidation of data from different fields of the multi-business company.

Examples of Sub-Tasks:

- Financial statements in general
- Market shares
- Non Financial Data
- International Trade Statistics
- Country Risk Data





Short Description:

The process of determining the maximum acceptable level of overall risk to and from a proposed activity, then using risk assessment techniques to determine the initial level of risk and, if this is excessive, developing a strategy to ameliorate appropriate individual risks until the overall level of risk is reduced to an acceptable level.

Examples of Sub-Tasks:

- Analyzing credit risk
- Analyzing country risk
- Analyzing risk of compliance and possible fraud