



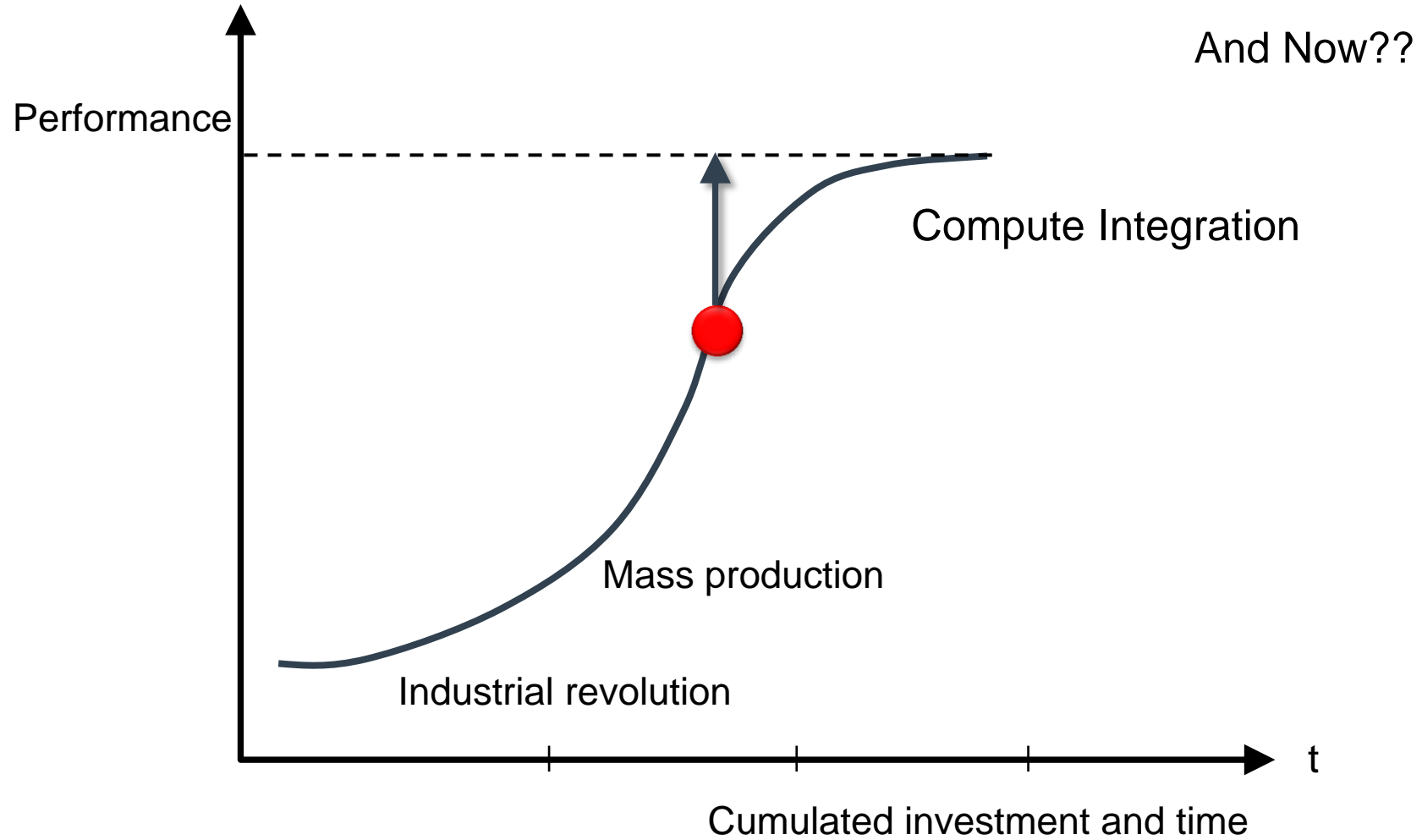
WIRTSCHAFT
HOCHSCHULE MAINZ
UNIVERSITY OF
APPLIED SCIENCES



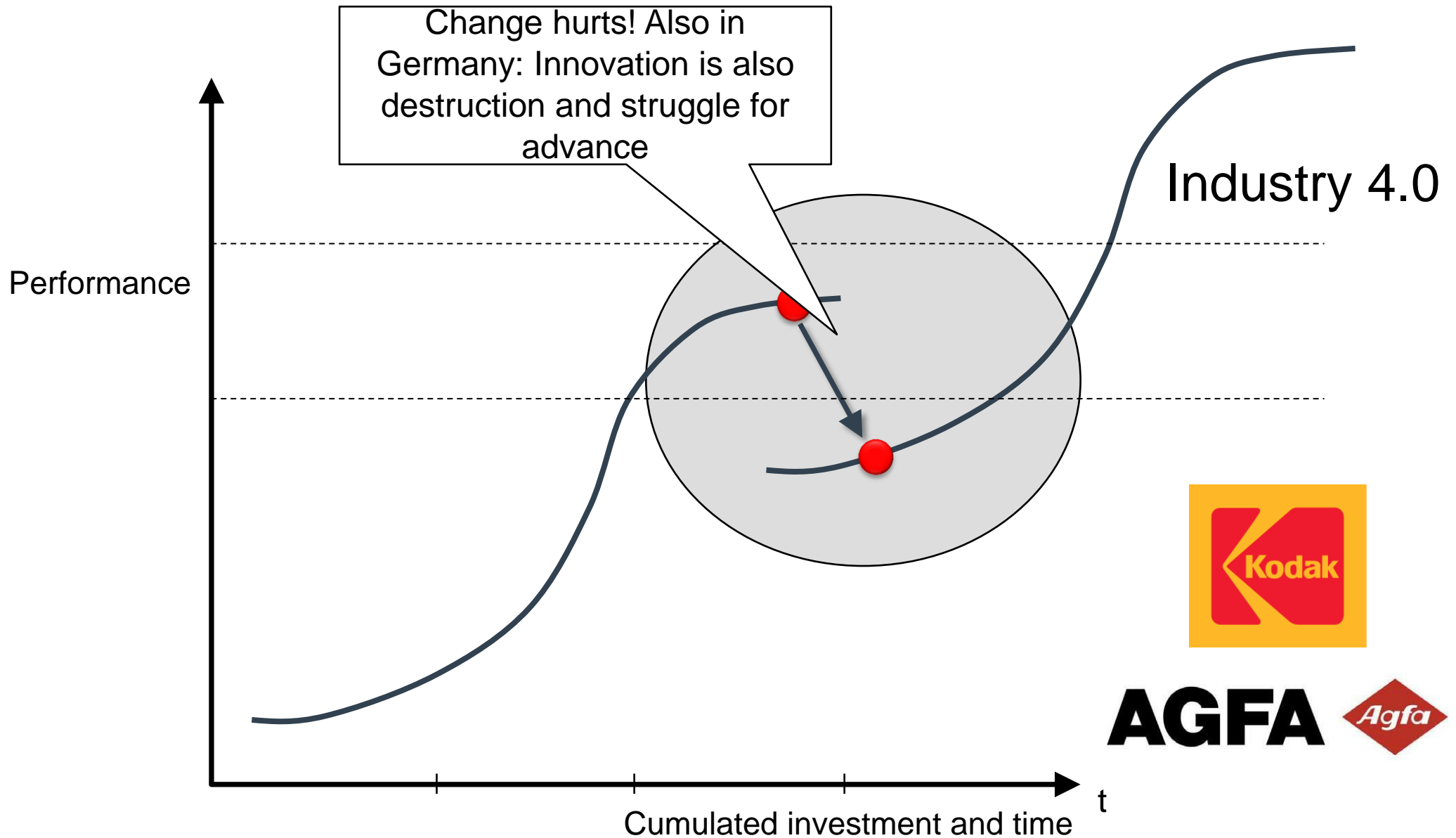
Organization, Roles and Responsibilities of Corporate Controlling in Multinational Companies

ICAMIB, IRAN, 20.09.2015

The Industry lifecycle in Germany



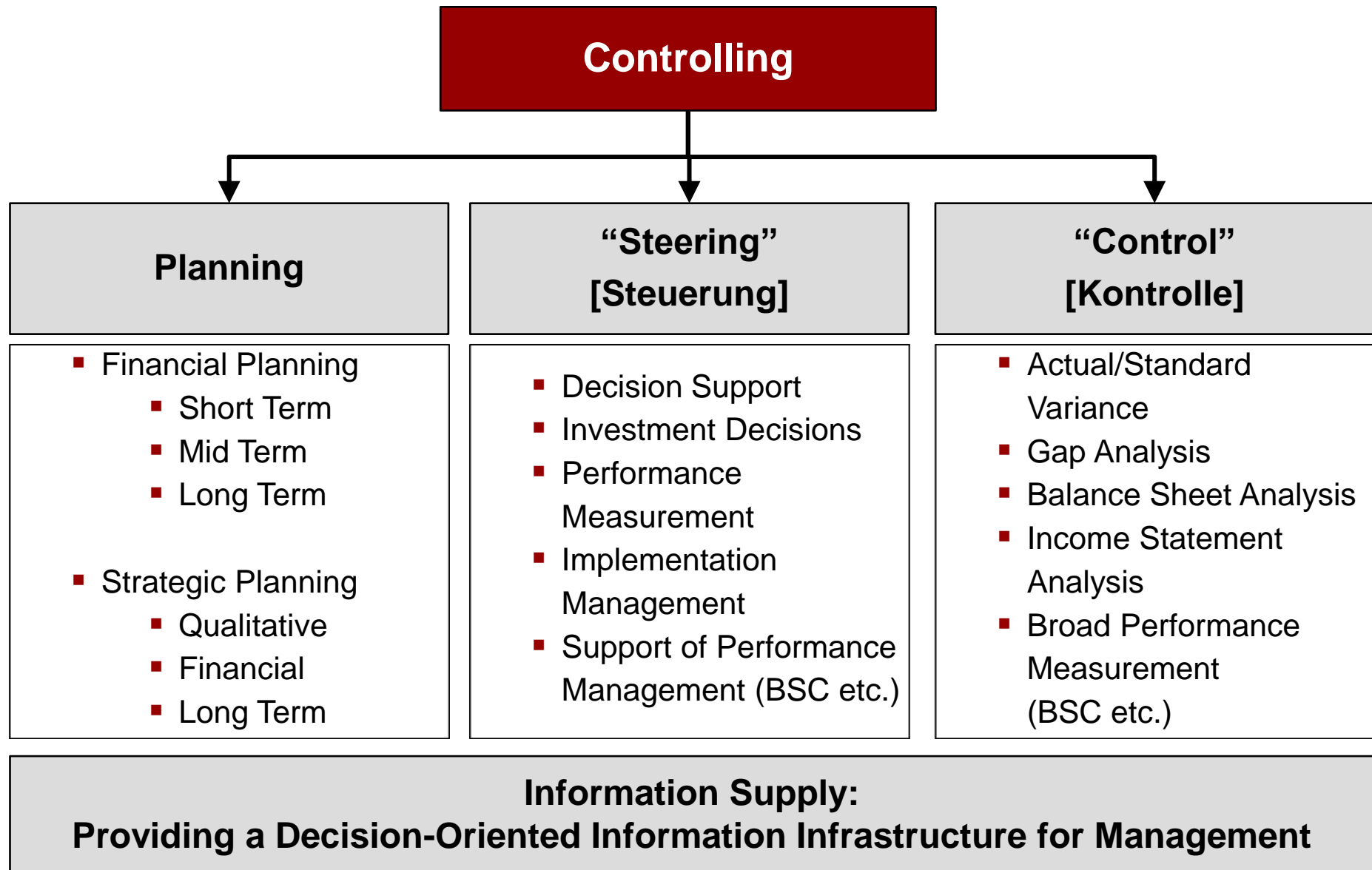
In an Industry's Maturity Phase, the Change to a New, Emerging Concept Often Results in a Performance Decrease



Agenda

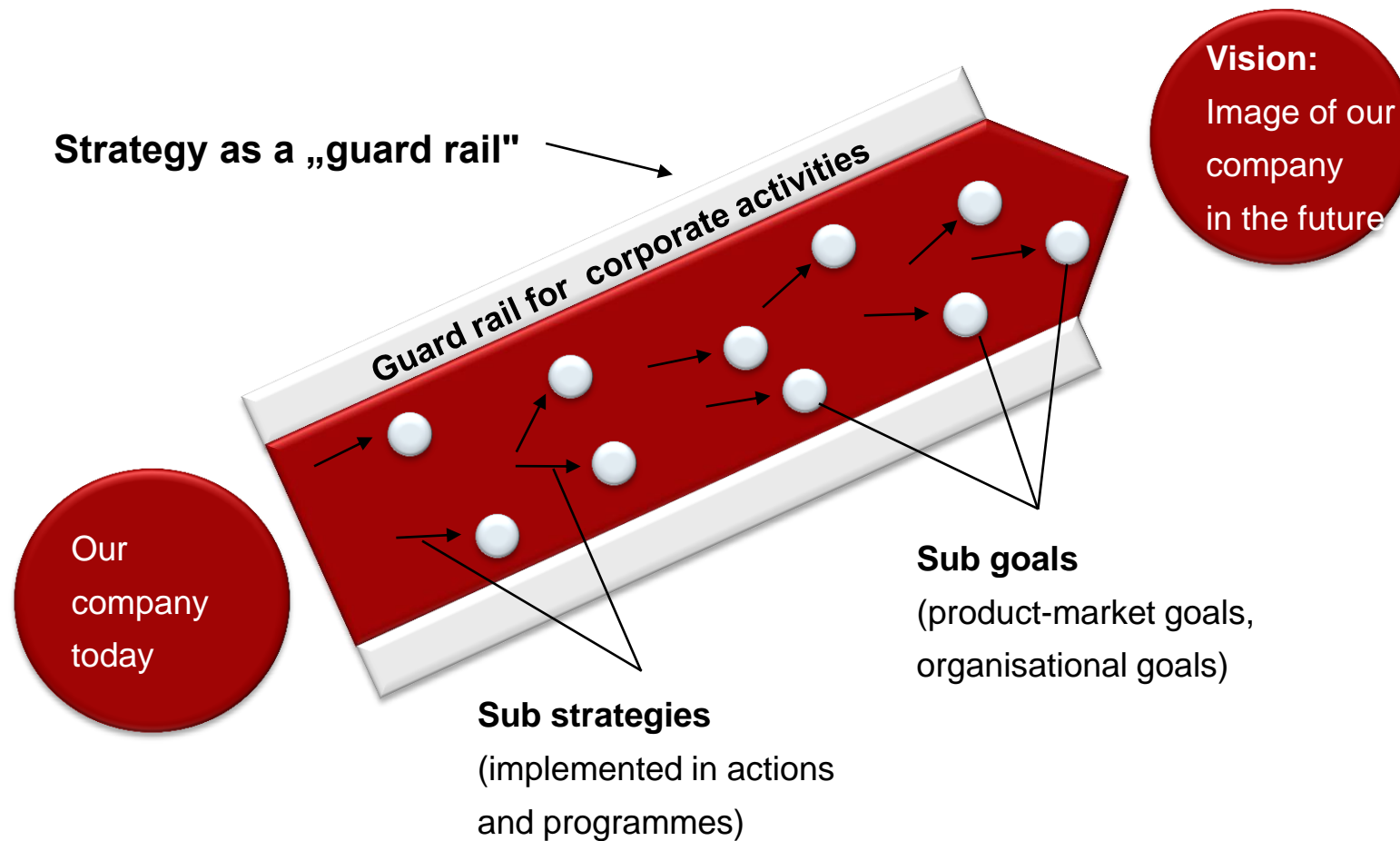
1. Controlling: A “German” Concept
2. The Special Role of Corporate Controlling (COCO)
3. Research Agenda: Pragmatic Concept Based on Action Research (Perlitz Doctrine)
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4. Conclusion and Outlook

“Controlling” is a German or European Concept (which cannot easily be translated into English...)



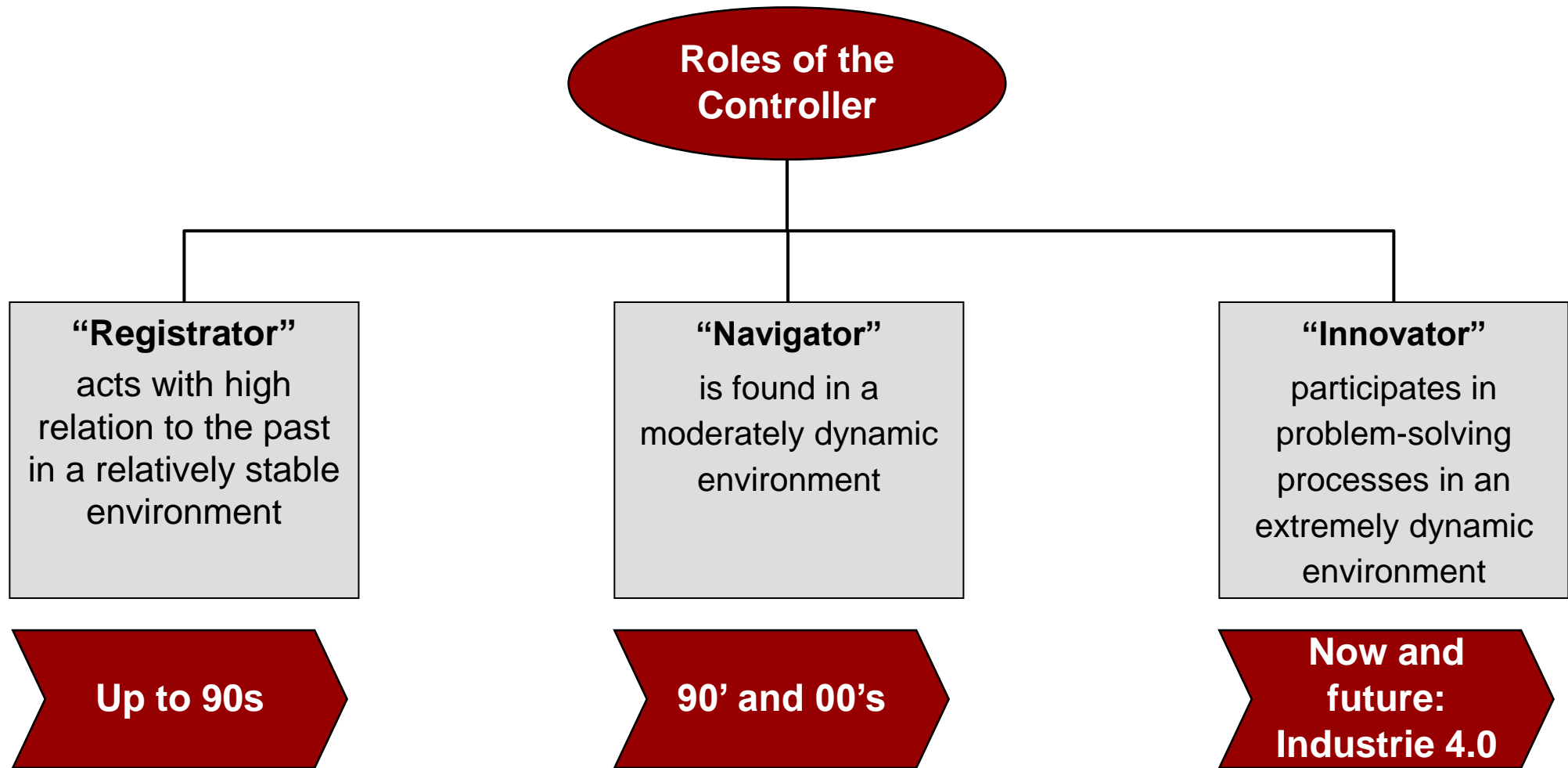
Source: Modified and translated from Horvath (2014)

The overall strategy serves as a guard rail for sub strategies and sub goals



Controlling Cultures in Different Corporate Environments

Which type of controller is the most appropriate?



Source: Based on Zünd, A. (2006)

Controlling as a Concept is Different from the Way Anglo-Saxon Companies are Managed!

DIFFERENCES BETWEEN GERMAN CONTROLLING AND ANGLO-SAXON CORPORATE CONTROL

German Controlling	Anglo-Saxon Control
<ul style="list-style-type: none">Combines planning, steering and control	<ul style="list-style-type: none">Financial control very important
<ul style="list-style-type: none">Takes a leading role in strategy formulation and execution	<ul style="list-style-type: none">Often organizationally separated from strategy
<ul style="list-style-type: none">Includes non-financial expertise	<ul style="list-style-type: none">Often no separated Staff function
<ul style="list-style-type: none">Service Provider rather than decider	<ul style="list-style-type: none">The “controller” is often a very operative person

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Definition of the “Corporate View”

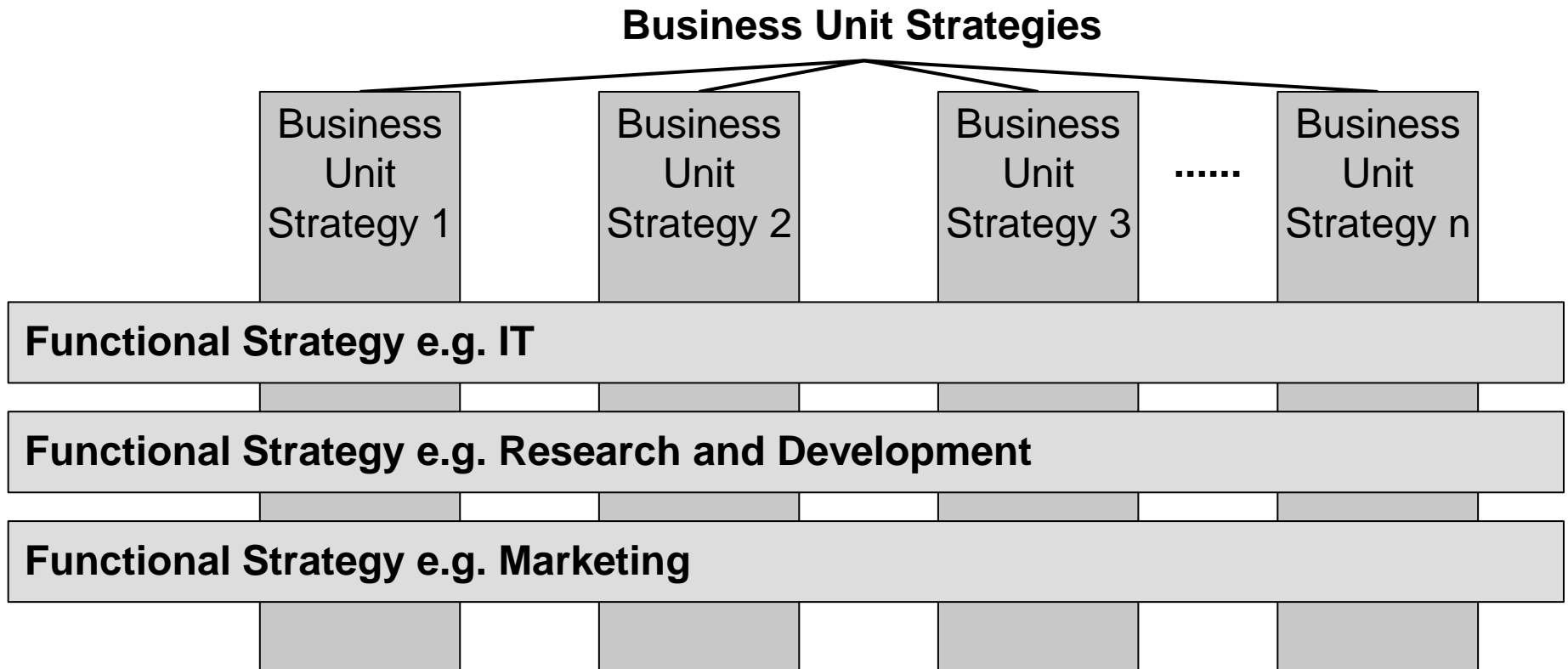
1st Level:



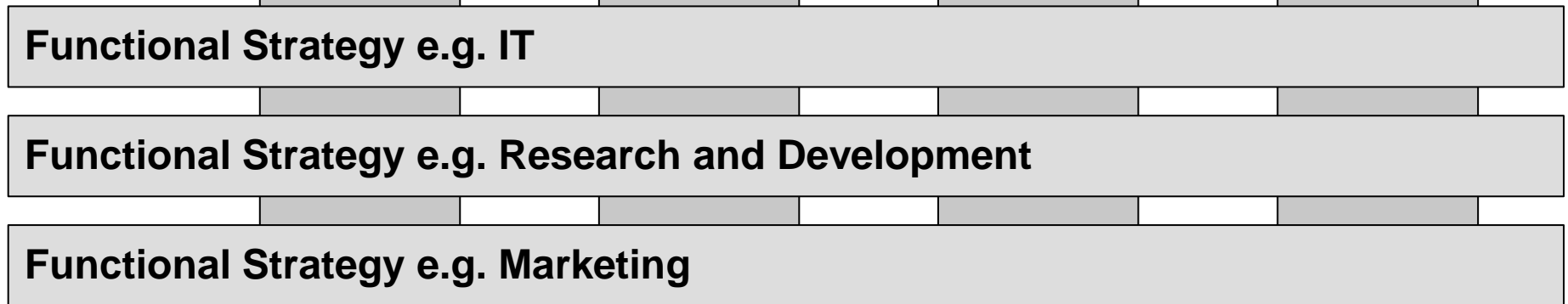
2nd Level:



3rd Level:

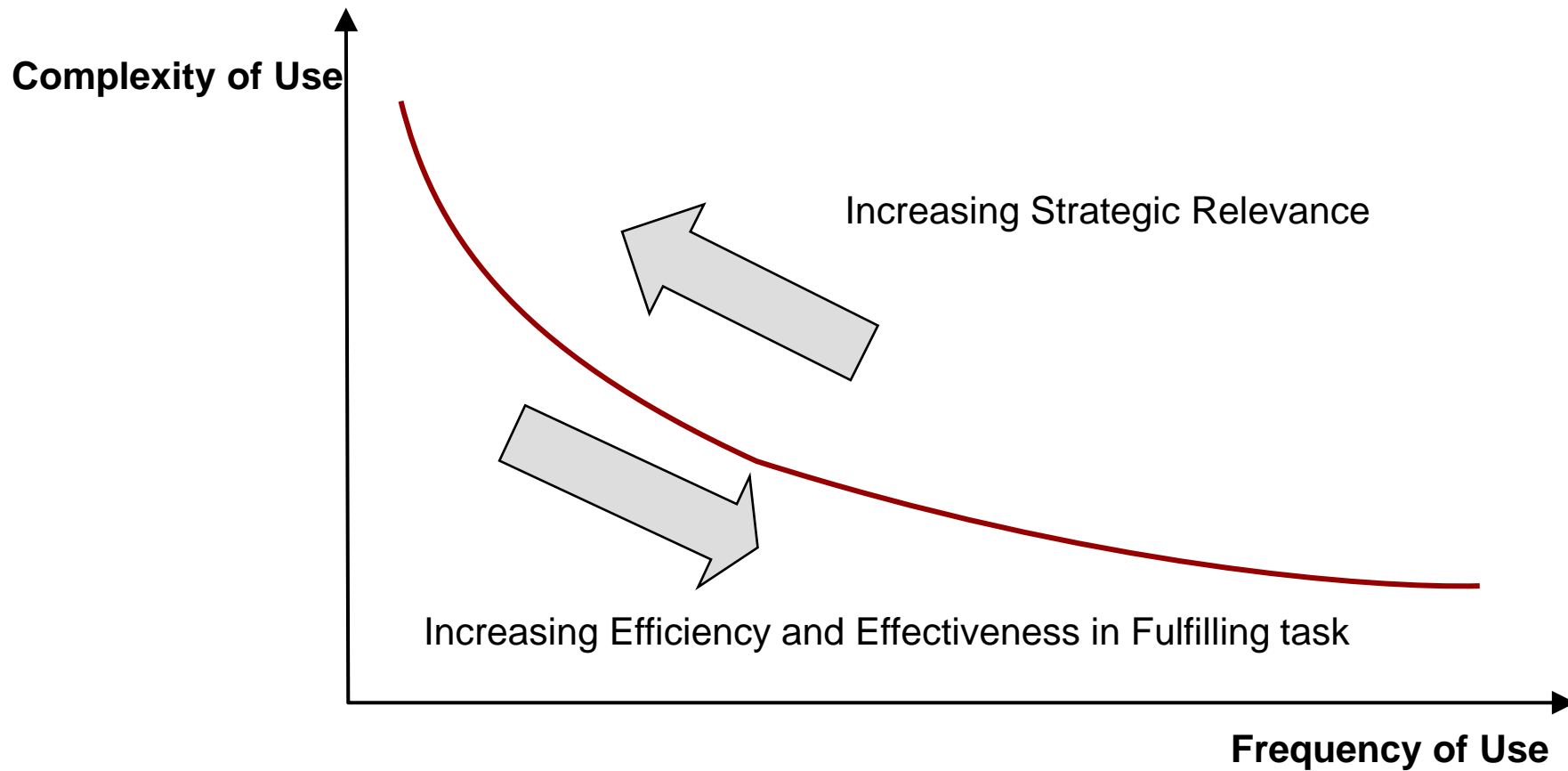


4th Level:

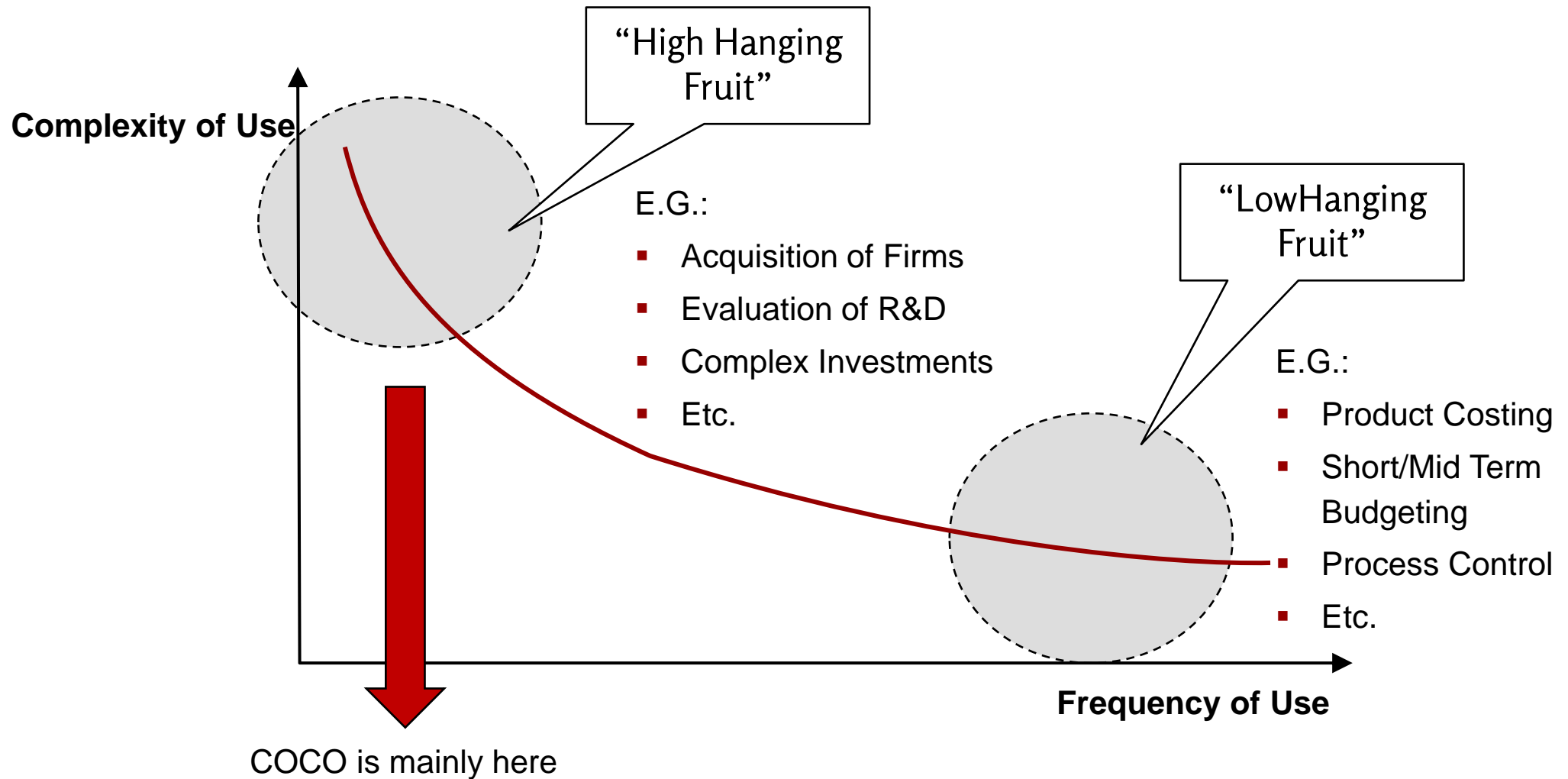


The COCO Experience Curve I

Controlling Activities can be Separated into Different Tasks



The COCO Experience Curve II: Task and their Position in the Curve



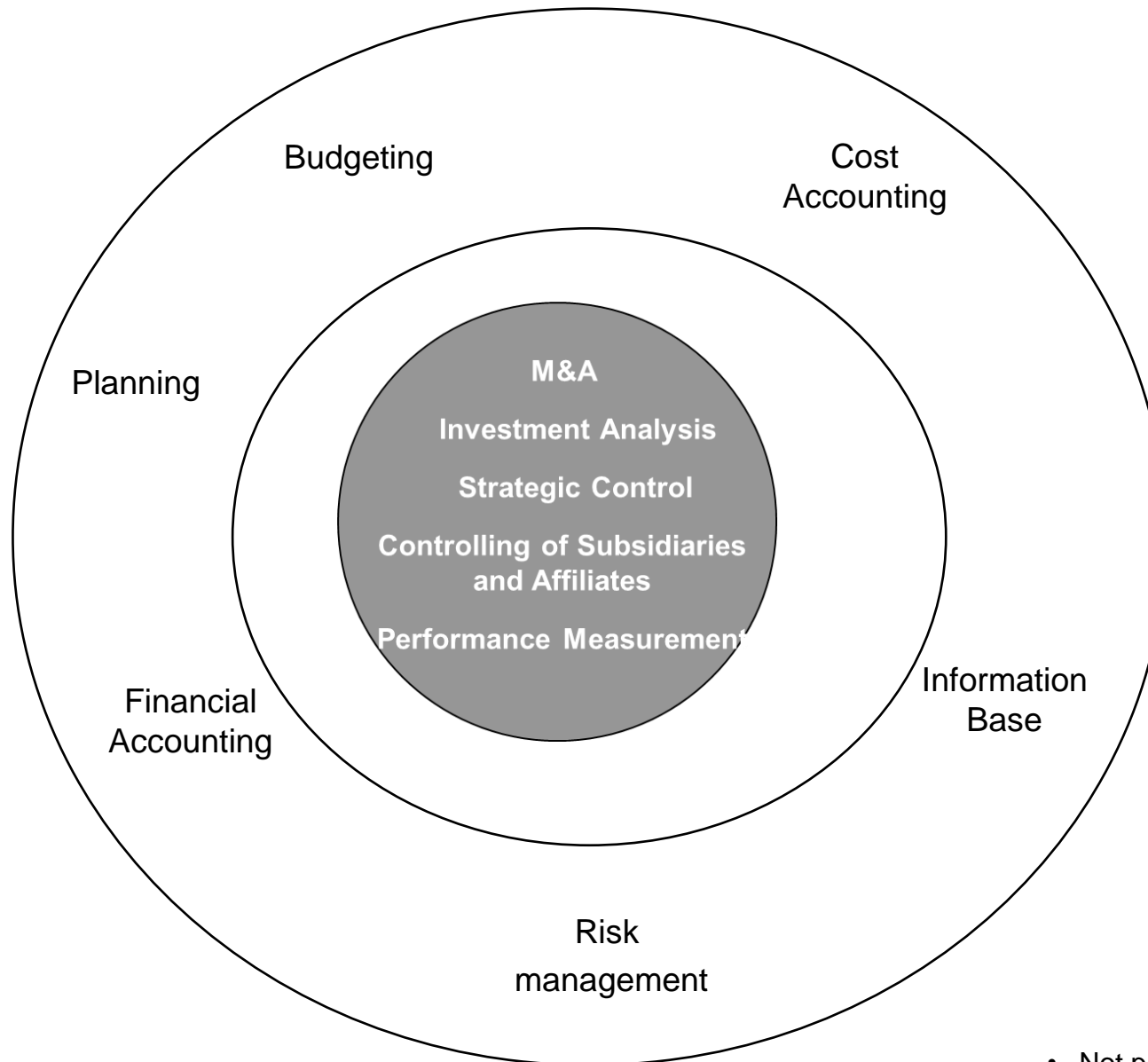
A Categorization of Corporate Controlling Activities

Core Activities - The “Inner Circle”



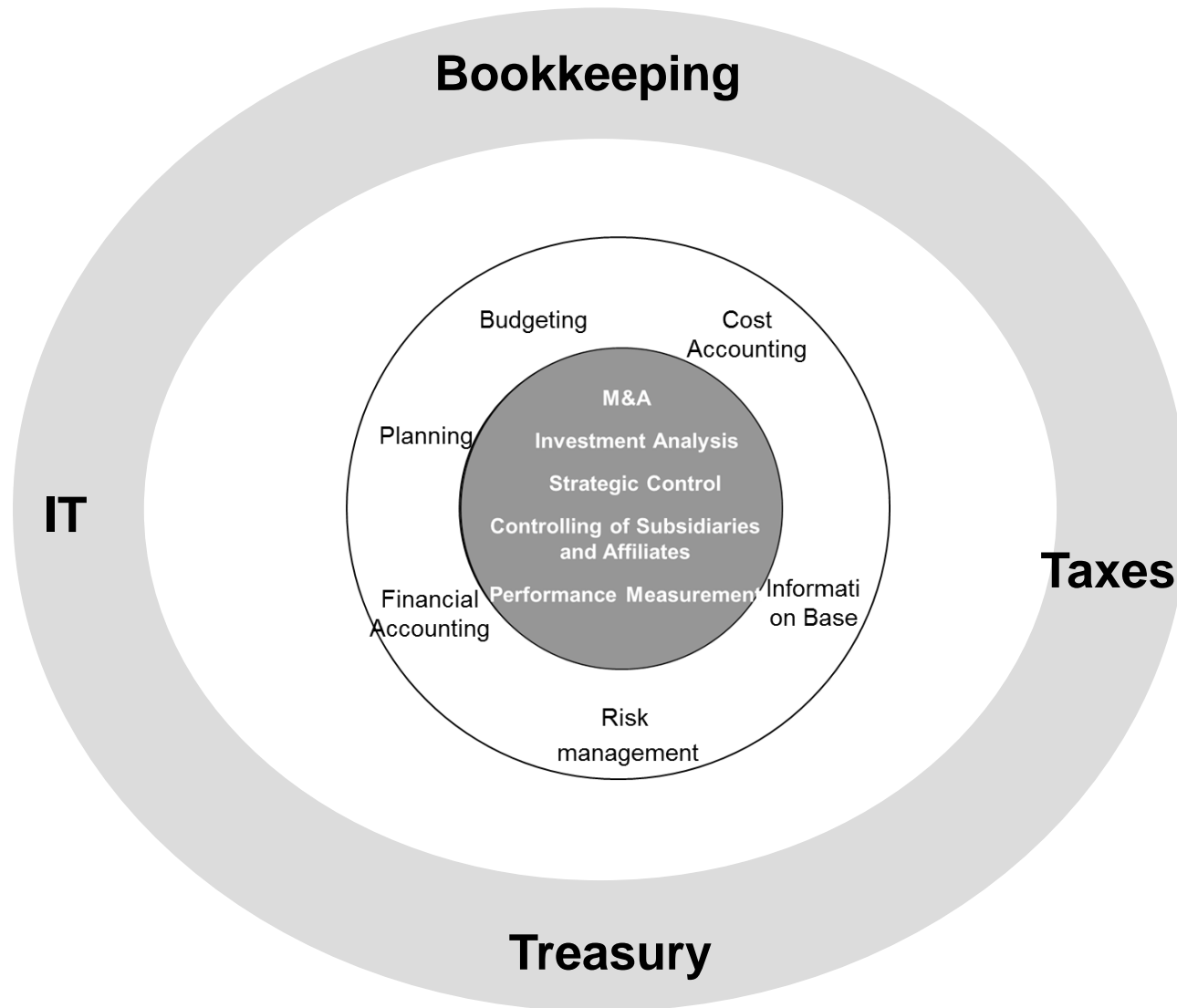
- Not part of controlling according to study

A Categorization of Corporate Controlling Activities: Semi-Core Activities – Necessary, but less specialized



- Not part of controlling according to study

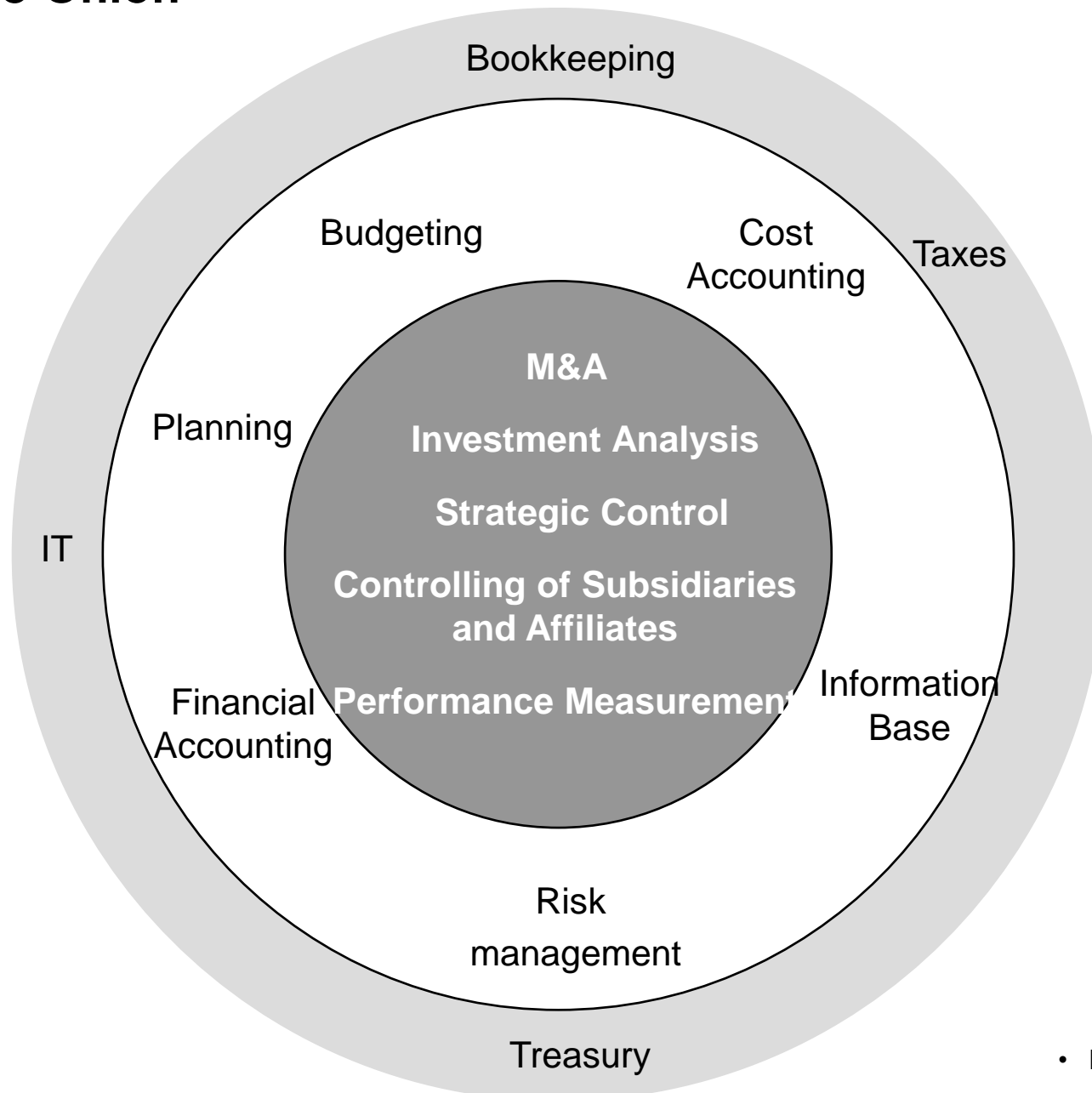
A Categorization of Corporate Controlling Activities: Interface Activities:



Management
Accounting

- Not part of controlling according to study

A Categorization of Corporate Controlling Activities: The “CoCo Onion”



Management Accounting

- Not part of controlling according to study

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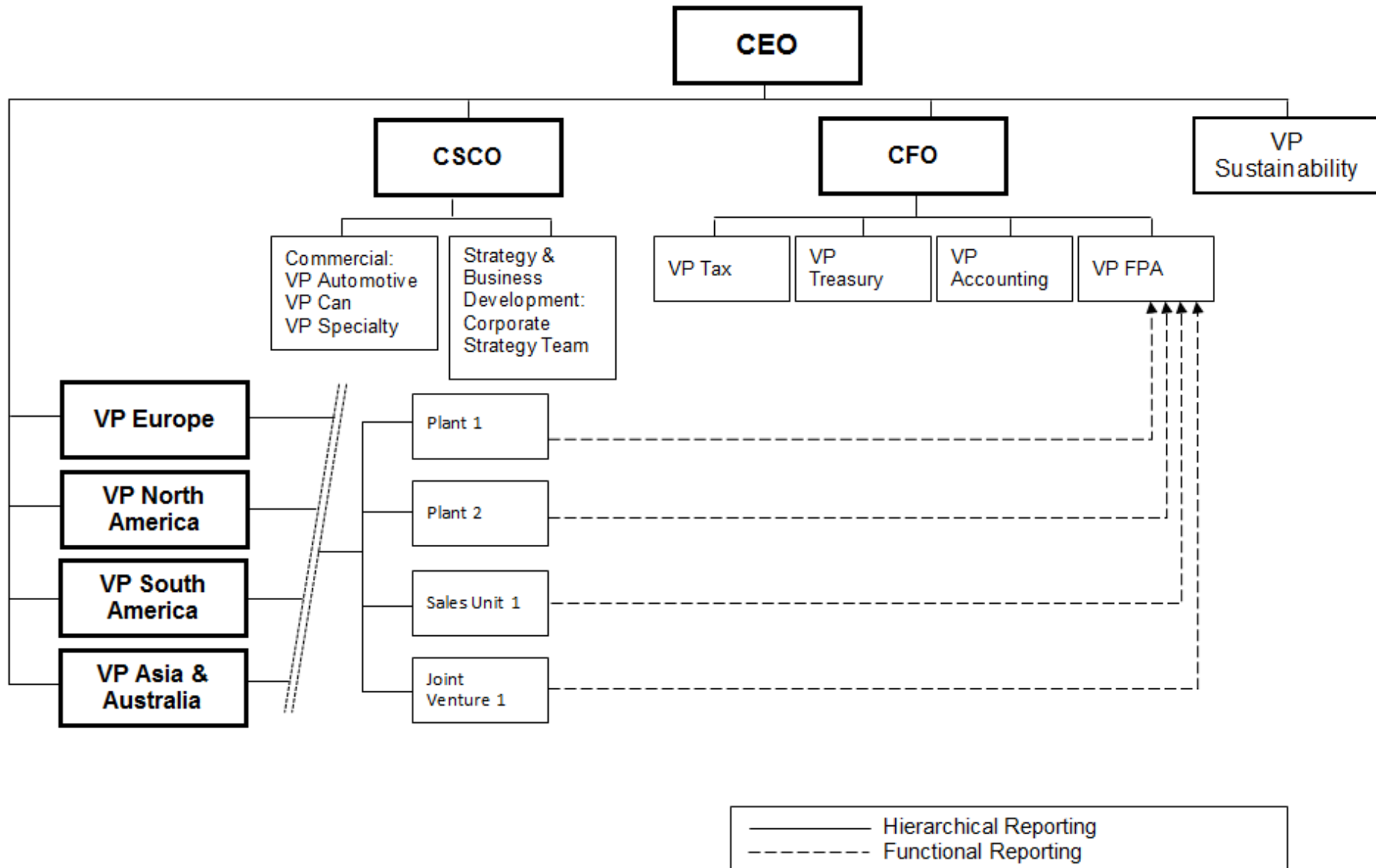
What defines a “Corporate Controlling” (COCO)

Feature	Activity/Example	Related task
Constituent features		
Multicorporate enterprise	Decisions support at the HQ level of a multicorporate enterprise	All controlling-related tasks
Controlling decisions by nature	Concerns Planning, control, performance analysis or information support	All tasks related to corporate problems in an multicorporate enterprise
Additional features		
Long term	10 year financial planning	Corporate Planning & Budgeting
Strategic in nature	Acquisition of corporate division	M&A information support
Substantial financial impact	Investment in a major plant	Investment Analysis
Concerning different legal entities	Introduction of new group accounting standard like e.g. IFRS	Information Infrastructure

The Cases

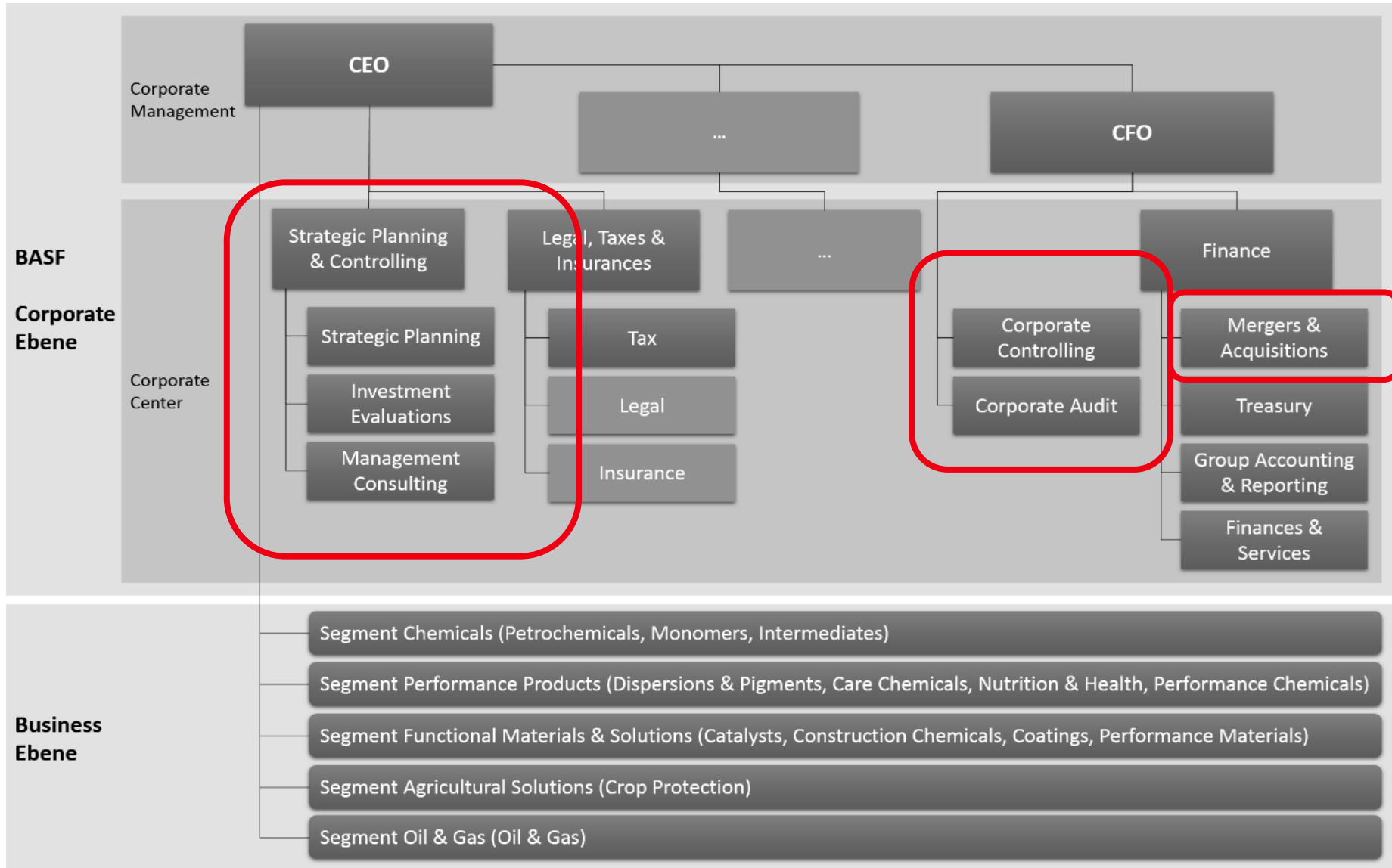
- **Chemicals A:**
 - World market leader in Chemicals, purely German
- **Forklift B:**
 - Among the top Companies in forklifts, mainly based in Germany, but Chinese owners
- **Aluminium C:**
 - World market leader in Rolled Aluminum Products, based in USA

Organization of Control in Aluminium C Corporate: An “Amrican Split” between Finance and Strategy



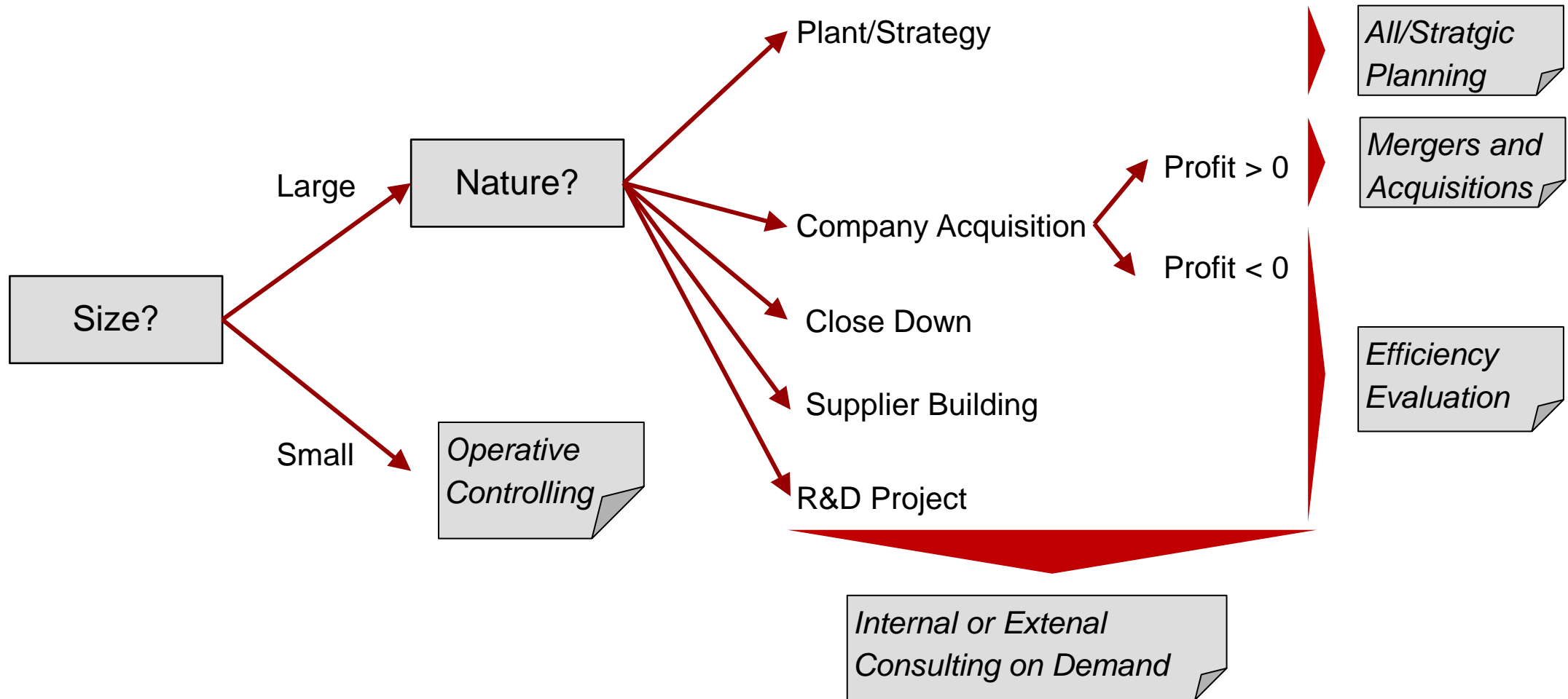
CoCo at “Chemicals A”

A “German Mix” of the COCO Functions: But does it make sense?



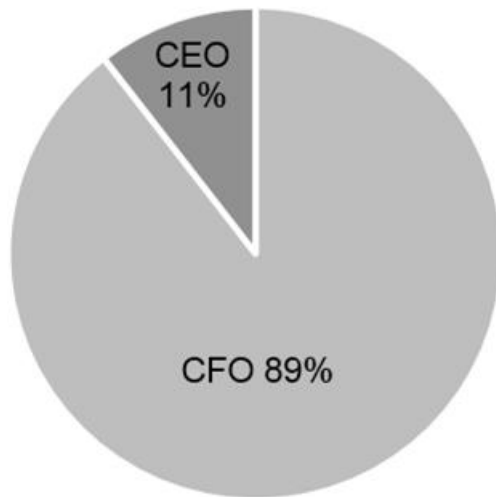
Findings from the Chemicals Case: The Search for the Right Competence in the Organization leads to Over-Complication

COCO DECISION PROCESS AT CHEMICALS A: THE EXAMPLE OF INVESTMENT EVALUATION

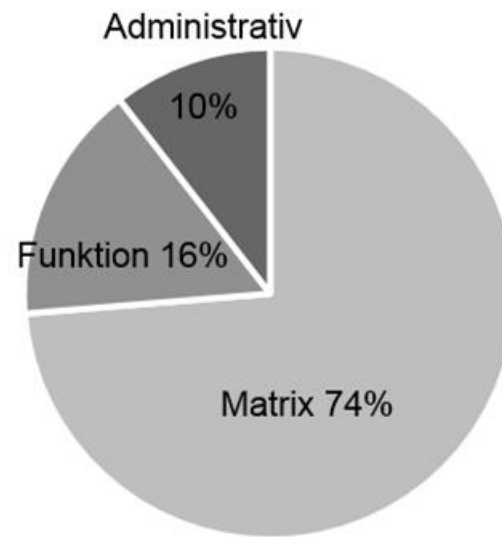


Results of the Survey: Organizational Integration of COCO

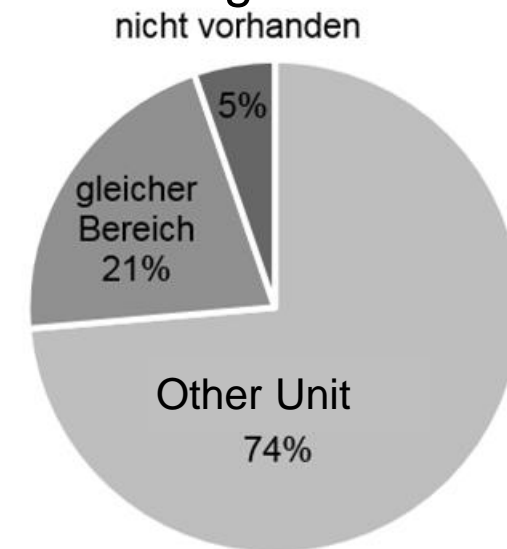
Reporting to



Organizational Implementation

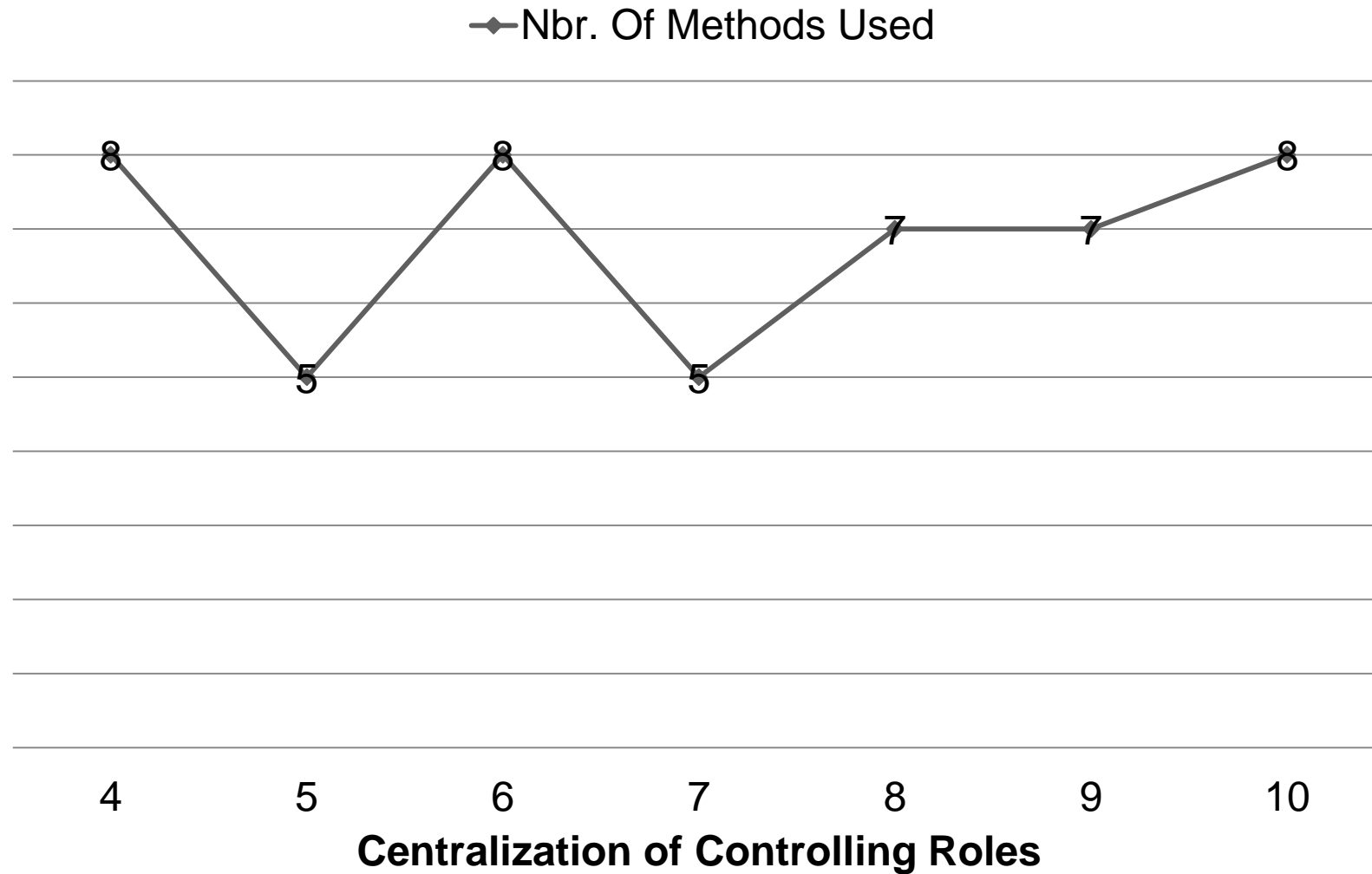


Relation to Strategic Planning



Source: Own Survey^[1]

There Seems to Be no Correlation between a more Centralized Controlling and more Frequent Use of Advanced Methods



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Conclusion and Outlook

- Theoretical and practical reasoning makes COCO necessary
- Nearly 100% of the respondents agree that COCO should be centralized
- The exact way of implementation and the benefits need further research
 - Exact separation from other departments?
 - Size of companies benefiting?
 - Country

A long way to innovate a new department!

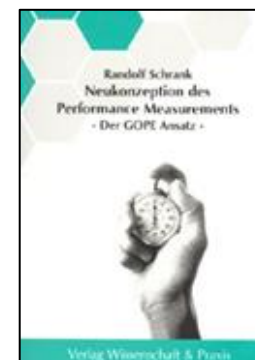
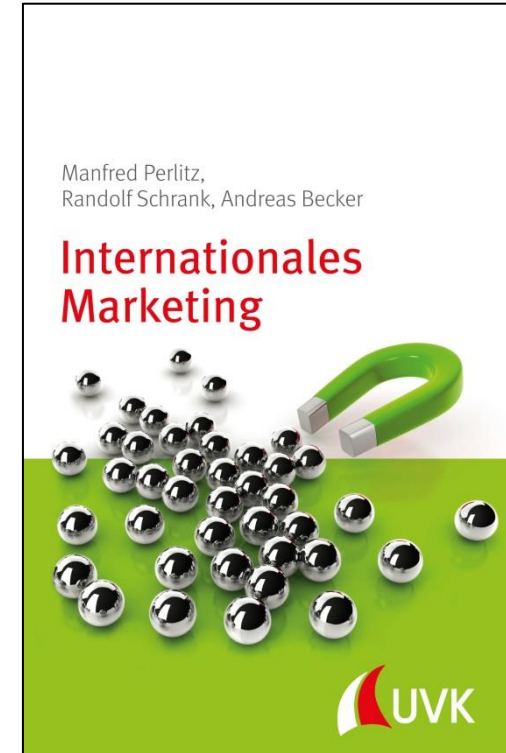
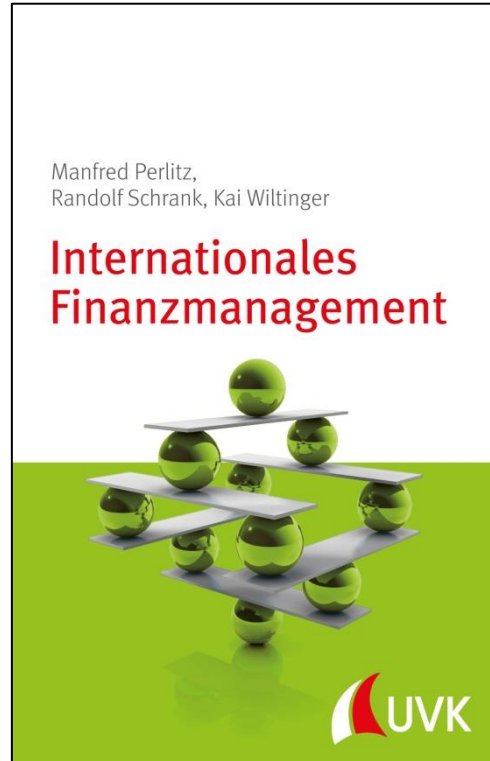
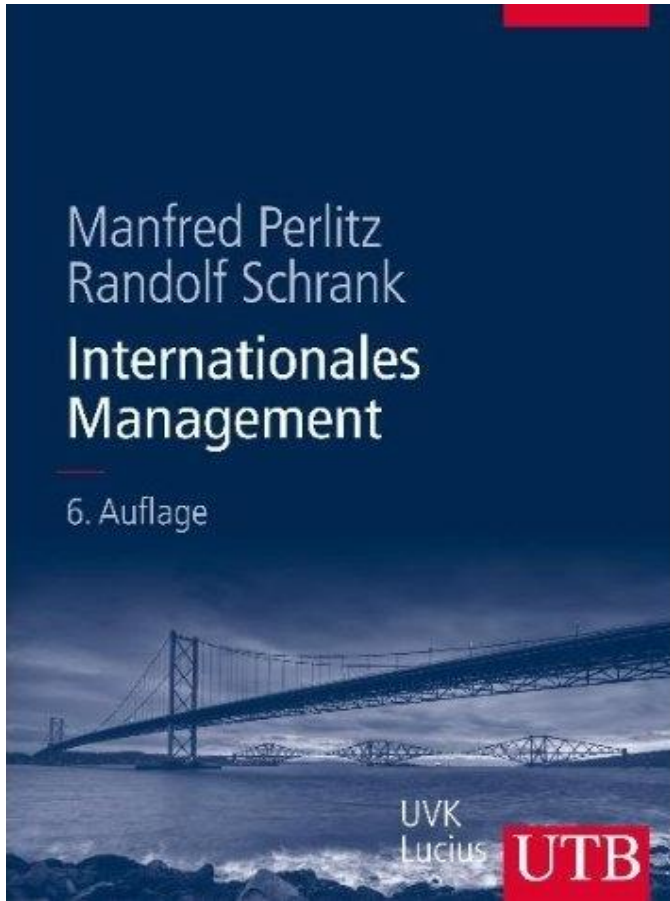


- Professor of Strategic and International Management in Mainz
- Visiting Professor Université de Lorraine/France
- Research Fellow University of Mannheim

FOCUS: International Management, Innovation and Corporate Controlling

- **Studied Business Administration** in
 - University of Mannheim/Germany
 - Toulon/France (Université de Toulon et du Var)
 - Phoenix/USA (Thunderbird Graduate School of International Management)
- **PhD/Doctorate** at the University of Mannheim
- **Project manager at ZEW** (A leading German Center for European Economic Research)
- **Founding partner** of the **strategy consulting** firm „PERLITZ STRATEGY GROUP“
 - Participation in setting up offices in Charlotte/USA, Shanghai/China and Daegu/Korea
 - Head of Competence Centers Pharma/Chemical Industry
- **Management Trainer:**
 - ZfU International Business School Zürich, Uni Basel, Mannheim Business School, Management Circle, IRI, BASF, Merck, Fresenius, Heidelberger Druck etc.
- **Foreign Experience:** Extended stays for project work in France within the scope of a group integration/research and business stays in the US/South Africa/Japan/China/Philippines

Some books published



Publications Prof. Dr. Randolph Schrank: Selected Articles in Journals etc. (English)

- The Continued Need for Strategy Innovations: Post Modern Strategic Thinking and the Blue Ocean Approach, in: Niederkorn, M. /Barth, A. /Becker, A./ Schulze, L. (Hrsg.): Managing Challenges in a Globalized World, Mannheim 2008, S. 191-204.
- Real Options Valuation: The new frontier in R&D project evaluation?, in: R&D Management, Vol. 23 (1999), No. 3, S. 255-269 (with *Manfred Perlitz* and *Thorsten Peske*).
- Performance Measurement im F&E-Management, in: Chemanager, Nr. 7, 1999, S. 6 (with *John Everett*).
- Measuring the Un-measurable, in: Royal Society of Chemistry's Management Newsletter, No. 3/99, S. 6 (with *John Everett*).
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- Valuing Investments in Pharmaceutical Start-Up Companies, in: Technology Strategy and Strategic Alliances, Proceedings of the R&D Management Conference, Ávila 1998, paper No. 39 (with *Thorsten Peske*).
- Target Budgeting in R&D, in: Doumeingts, G./Browne, J.: Modelling Techniques for Business Process Re-engineering and Benchmarking, Chapman & Hall: London 1997, S. 1-23 (with *Manfred Perlitz* and *Klaus Schug*).
- Performance Definition and Performance Measurement in R&D - Results of a European-Japanese Survey, in: Quality in R&D, Twente, Netherlands, 1995 (with *Michael Hollax* and *Klaus Schug*).