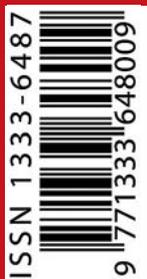


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NEWS & VIEWS



TISKANICA

- *Croatian Delegation in the Economic Visit to the Leading IT Companies*
- *AmCham Lunch with the Minister of Finance*

» 2ND INTERNATIONAL CONTROLLING CONFERENCE - CHANGE FOR SUCCESS

AmCham Supported Event

Zagreb, Sheraton Hotel, 5 November 2014

Kontroling Kognosko Consultants and Lider Business Weekly, under the auspices of the International Controllers Association (ICV), are organizing the 2nd International Controlling Conference on 5 November 2014 in Zagreb. About 250 participants are expected to listen to leading international controlling experts.

Sharing differing knowledge and practices is the primary objective of the Conference: participants from Germany, Switzerland, USA, Poland, Spain, Macedonia will share their experience with their counterparts from Croatia and the region. ICV, the largest association of controllers and managers in the world, has been actively involved in the worldwide sharing of controlling knowledge for years.

Conference topics cover a wide range – the controller's basic tasks and working capital management will be addressed by the Conference keynote speaker, Hendrik Valter, the CFO in the DHL Supply Chain for South Europe. Similarities and differences between European controlling and American management accounting will be addressed by Raef Lawson from the US IMA institute and controlling-aided management in Volkswagen-Poznan by its Controlling Manager Malgorzata Podskarb, while the Spanish practice example will be presented by the Controlling Implementation Consultant Ulrich Müller Bosom. Practical examples of controlling-aided Balanced Scorecard operations in German practice will be addressed by one of the best-known consultants in this area, Herwig Friedtag. Switzerland introduces the International Business Communication Standards presentation, globally known as the HICHERT@SUCCESS concept, which will be presented by Jürgen Faisst. All the above mentioned is only part of the rich program organized for the participants of the 2nd International Controlling Conference in Zagreb.

The event is organized for company owners, top managers, sales, marketing, procurement, production managers, all level controllers, analysts, planners, accounting and financial managers, IT experts engaged in business solutions providing controlling support.



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AmCham is organizing the 13th charity gala evening for mine-free Croatia: the "Evening for Safe Steps".

Each year this unique gala event gathers more than 300 high level guests from the Croatian business community, government, international organizations and diplomatic corps.

All of the funds collected through ticket sales and direct donations will be enlarged by U.S. funds through the International Trust Fund (ITF).

Due to its continuity and importance, this event is a widely recognized project in Croatia. We hope that you will join our efforts to achieve a mine-free Croatia by becoming one of the event sponsors, donating to the cause directly, or by booking event seats. We encourage you to take a look at last year's photographs to enjoy the evening's great atmosphere.

Join us for an elegant evening of fine dining and entertainment.

Each ticket is a direct donation to the cause.

Individual tickets: HRK 700

Corporate table with company name (10 seats): HRK 8,000

To reserve your seat/corporate table please contact the AmCham office at +385 1 4836 777, event@amcham.hr

Please note that tickets/tables are sold on a first-come-first-served basis.

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IMPLEMENTATION OF THE CONTROLLING FUNCTION – HARD WORK THAT ALWAYS PAYS OFF

By Jasmina Očko, Controlling Consultant, Kontroling Kognosko d.o.o.



>>> **JASMINA OČKO**

CONTROLLING IS DEVELOPING WORLDWIDE, experiences are being shared, and every company can take advantage of tried and tested ideas. The evolution of controlling is happening before our eyes – its modernization is global, but we use it locally. Today, the controller is a business partner to management, and its economic adviser.

Controlling initiates changes that lead to success. With the intense development of IT technology and the benefits of years of experience in development, the European and American approaches to controlling are becoming harmonized, with only the best practices remaining. Knowledge is being shared across the globe, one need only

implement it.

Yet, this is a stumbling block for many who have to face the dilemma – how to set up the foundations for good controlling in a quality way? And precisely this is crucial for success. The role of the controllers is to monitor the managerial process of setting goals, planning and managing, and they also bear responsibility for the accuracy of information. In the process, they use numerous methods and tools, which they learn during their professional training. But for their work to be of high quality, good implementation of the controlling function is a prerequisite, and it requires “well-prepared groundwork” within the company.

One of the most important tasks includes defining the updated organizational structure of the company – and not only through the company’s functions or the managing body hierarchy. The company’s organizational structure needs to be adapted to and aligned with strategic goals, which can sometimes be completely off balance in practice. For example, a company can be strategically oriented towards export, yet organizationally lack well-formed and developed processes of researching foreign markets or sales to foreign customers. In such cases, organization is often spontaneous, without a concrete plan or knowledge. Another example: a company starts the production of completely new products, but it does not have distribution and sales processes that are fully worked out and organizationally aligned with the existing processes. A critical issue is monitoring the effects of set goals when an organization does not allow for quality data collection due to the confusion that appears in the data channels.

The other major task in introducing the controlling function

is modernizing accounting. Accounting has its own set of rules and norms. However, controlling requires much more, it requires cost and management accounting that is well-developed and highly organized in terms of quality. Creating management accounting is a completely unique task, which calls for significant changes in every company. The accounting function turns towards internal users, and data becomes much more detailed. Apart from accounting, all other functions participate in this process and adapt their actions to new rules. For example: every revenue and cost is analytically recorded in more dimensions, depending on who initiated them, costs are divided into direct and indirect costs, and the indirect ones are allocated according to numerous keys. Costs are divided in parallel into fixed and variable costs, to enable the calculation of break-even points for different types of investment.

Assets are analytically monitored and costs of investment in certain business segments are measured, and sources of assets are monitored accordingly. It is very important to allocate all costs of using assets to those activities in the company that actually use those assets. Capital (own and debt capital) has its price, which is also part of operating expenses, and for controlling it is vital to assess correctly what capital was used for. For example – if we take out short-term loans to bridge illiquidity because the buyers of a business unit are not paying on time, controlling has to connect the interest expenses of that loan with that exact business unit.

Examples can be found every step of the way, the whole system needs to be ordered to the smallest detail, and controlling should function as a data custodian. The entire process requires understanding and commitment, but it yields great benefits.

The third area that usually needs modernization is the company’s IT system. Controlling can be only as strong as its IT support. Therefore, when it comes to the needs of controlling, this area often calls for developmental changes and updates.

And finally, the most important factor: management that shows interest and understands all the rewards of modern controlling. Every manager has to be capable of thinking like a controller and understand controlling. The wish to implement controlling must overcome all obstacles and changes that stand in the way of implementation. Also, when the first reports start coming in, the wish to change old ways of thinking and managing, led by new insights and facts, must be stronger than routine or established business behavior patterns. Controlling has to initiate changes, changes that lead to success. The final decision, however, always lies in the hands of managers.

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