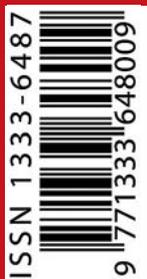


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# NEWS & VIEWS



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# MODERN CONTROLLING IS AN ABSOLUTE NECESSITY, NOT AN OPTION



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**TURBULENCE OF ENVIRONMENTS,** volatility of events, uncertainty of reactions and unpredictability of consequences are elements present every time managers make a business decision. The task of controlling implies following the trends of modern management, and in particular the trends of developing information technology, in order to find more quality ways in which a company

can achieve better effects with less investment.

Modern controlling develops in accordance with the times, so that it can be as useful as possible for management.

Although much has been said about controlling, in reality few companies in Croatia have fully taken advantage of this function. It usually remains at the level of planning and analysis. Even American companies often perceive controlling as an administrative function that forwards reports, but controlling needs to go much further than that.

## **First of all, the controller needs to be a business partner to managers.**

In addition to strong analytical skills, controlling requires considerable communication and social skills. In order to guarantee long-term successful interaction between the services of controlling and management, controllers should primarily have a deep understanding of the business and business model. If managers, in addition to knowledge and experience in their own profession (e.g. production, distribution...) have a great understanding of managing tangible and intangible assets, in other words a high competence for controlling, then the logical consequence is more successful overall management. For middle management, this opens up the possibility of moving up to the top of the company, and controllers have a traced career path to management.

## **In recent decades, the controlling of intangibles has been developing intensely.**

What has been clear for a long time is that companies cannot operate solely on the basis of material values. This observation, although not new, is currently being revived. Representatives of newer industries, such as Google, Apple and Facebook, highlight the fact that the essential value of these companies cannot be found in their balance sheet. Management of such intangible assets and reporting on it is possible through controlling. This includes expanding the controller's

analysis to include "soft" indicators to measure, for example, the level of innovation within the company or the motivation and satisfaction of clients. The task of the controller in the future will be to warn management of the need to build such platforms for performance measurement and extend the standard reporting system in that direction. The task of the manager is to enable this.

## **Modern information technology provides us with BIG DATA, which means that these data need to be managed - this is called Big Data Management.**

The requirements that the controller needs to meet are rapidly changing due to the development of IT. Today's existing **Business Intelligence** - solutions in the form of information islands, will have to be integrated and centrally coordinated in a competence center for business intelligence - the so-called **BICC** - **Business Intelligence Competency Center**. Standards for the visualization of management reporting are becoming more established every day, and they have been developing for years through the IBCS concept (International Business Communication Standards - [www.ibcs-a.org](http://www.ibcs-a.org)). Dealing with the amount of data collected (**Big Data**) requires a high degree of knowledge and experience in the analysis, simulation and detection of business connections (**Data Scientist**). To keep pace with these developments, controllers must continue to improve and develop into "information managers".

## **Finally, large enterprises and concerns must increasingly manage the effectiveness of the controller's service.**

The pressure on general costs in companies is increasing year by year, including that in controlling. Controlling processes must not only be effective, but also effectively applied, and that includes modern budgeting. Large companies operating in different countries are today increasingly singling out specific standardized controlling processes into so-called Shared Service Centers (SSC) and locating them mostly in countries with lower wages. This literally means that it is profitable for American or German multinational companies to develop SSC in Croatian subsidiaries. The biggest challenge is definitely creating a uniform controlling system for all companies, and finding well-trained controllers. For Croatian controllers, this is both a great challenge and a great opportunity. At the same time, never before has Croatia seen so many opportunities for training controllers as there are today. Controlling is the profession of the future, one that knows no boundaries. We only have to seize the opportunity in the best possible way.

*Translated from Croatian by Bruno Štefić*