



"High-Impact Culture" in financial management: ICV Controlling Excellence Award 2023 goes to Merck

Munich, May 15, 2023. **"Enabling High-Impact Culture in Financial Steering". It's the title of the project by Merck KGaA, which won the renowned ICV Controlling Excellence Award for it. The controlling team has internalized the declared company-wide maxim of promoting the entrepreneurial thinking of every employee and developed the finance department into a trustworthy strategic advisor.**

Behind the new high-impact culture at Merck there is a general effort to develop an environment in which every employee can contribute to the shared success. A clear focus, reduced complexity and continuously improved products are the basis. The focus is on tasks and measures that have the greatest impact. The controlling team has also adopted this approach, which was announced company-wide at the end of 2021, with its project "Enabling High-Impact Culture in Financial Steering". In order to modernize the financial processes and instruments, essential elements of bottom-up budget planning were eliminated. Action decisions are instead made based on continuous forecasts and business priorities. Resource allocation remains flexible because it is independent of fixed budget schedules.

However, the behavior and working methods of the employees are essential for successful implementation. "We must be willing to challenge our status quo, learn new skills and think entrepreneurially. In order for us to be successful, we not only need the right processes and instruments such as technologies or incentives - we also have to promote the right mindset in our employees," summarizes Kathrin Montry, Senior Principal Controlling Expert and Product Owner of the LEAP project. The Head of Group Controlling & Risk Management Alexander Lind specifies the implementation for his area. On the basis of the Beyond Budgeting model, goal setting and forecasting are "unbundled", resource allocation, performance management and behavior and working methods are changed. "We trust the talent and passion of our curious minds. That's why we create an environment in which they can develop their potential and achieve great things," says Lind.

This "radical way" in dealing with the experience that traditional planning processes are reaching their limits also convinced the Jury headed by Prof. Dr. Utz Schäffer, as well as the fact that the winning project is not an isolated solution for controlling, but is embedded in a larger cultural transformation process. "One or the other may also think back 15 or 20 years at this point, when the Beyond Budgeting concept came to the German-speaking area and was also met with great rejection from us in the ICV. "Beyond Budgeting – no thanks!" was the battle cry back then. That was a long time ago and today, with Merck, there is a company on the stage that has dared to undertake a fundamental change in corporate management in an environment that has changed significantly since then," summarizes Schäffer, Director of the Institute for Management and Controlling (IMC) of the WHU - Otto Beisheim School of Management the award-worthy achievement at the laudatory speech on Monday in Munich.

Henkel AG & Co. KGaA: "Thinking in experiments instead of budgets" with the digital roadmap for Group Financial Controlling

With the nomination of Henkel's solution, the Jury took a previously unusual path, because it is not a specific project, but a digital roadmap. This is used to prioritize and implement the various initiatives in Group Financial Controlling.

In doing so, you are always aware of the fact that the decisions for or against initiatives and the assessment of their prospects of success must also be made in the face of scarce resources, crises and a volatile environment. Henkel's Group Financial Controlling has developed an innovative and pragmatic approach here, praises Utz Schäffer, because the roadmap combines several agile and iterative initiatives that are scaled if successful. The Jury was impressed by this "thinking in experiments instead of budgets". It is important that the initiatives, in addition to increasing efficiency through automation, also aim to create greater value through better analyzes ("From Data to Insights") and comprehensive upskilling of the central team.

This means that Henkel has something that every medium-sized and larger company absolutely needs, especially in times of scarce resources: a systematic, but at the same time flexible and pragmatic approach to prioritize and implement the various initiatives, says Utz Schäffer about the transferability of the nominated solution . You can also read the interview in the Awards section of the ICV website icv-controlling.com with Yu-Kyung Rasche, Head of Data & Analytics, Global Business Controlling/AFB at Henkel.

"Predictive Forecasting - from the concept to the strategic impact": TX Group has done what is still an unsolved challenge for many others

As in Merck's winning project, the starting point is the insight that the forecasting process reaches its limits in a dynamic environment and ties up enormous resources. TX Group has a solution. At its core, it consists of the introduction of predictive analytics to support the creation of forecasts. However, the nomination did not recognize the technical solution or the good algorithm, emphasized Utz Schäffer in his laudatory speech. Rather, the fast, inexpensive implementation without external support in a medium-sized company was convincing. Especially since the controlling team of the TX Group did not end with the improved generation of the forecast, but also uses the change to further develop the corresponding management processes and to strengthen business partnering, and "does exactly what is needed for many of you is just around the corner as a challenge," says Schäffer, explaining the importance of the project as a blueprint for other companies.

About the ICV

The International Association of Controllers (ICV) has set standards for controlling and controllers alike *for more than 40 years* and is now the address for controlling competence in Europe. The approximately 6,000 members - *more than 200 corporate members* - benefit from a wide network, *central contacts*, top-class *specialist events*, *awards* for excellent work and more than 60 *work groups*. These are regionally oriented, dedicated to specific industries or specialist topics. The Association brings together theory and practice, trends and proven, specialist know-how and skills and thus offers a complete range of services for controllers, CFOs and everyone who focuses on controlling and corporate management.

- ICV **Website** <https://www.icv-controlling.com/>
- ICV **ControllingBlog** blog.icv-controlling.com
- ICV on **XING** <https://www.xing.com/pages/icv-international-association-of-controllers>
- ICV on **LinkedIn** www.linkedin.com/company/18624367
- ICV on **Twitter** twitter.com/ControllingNews
- ICV on **Instagram** <https://www.instagram.com/icvcontrollerverein/>
- ICV on **Wikipedia** https://de.wikipedia.org/wiki/Internationaler_Controller_Verein

Your contact at the ICV:

Brigitte Dienstl-Arnegger
web@icv-controlling.com
0171 5089 053