

10 Personal Survival Tips for Controllers & Managers

**Dr. Deyhle's Little Primer
for WIN-win Results**

Perception is something that takes place in the brain. It's a result of thinking. But it needs knowledge too. Even so, that's not enough. You need communication. And it's the controller who has to provide managers with a service that enables them to understand what lies behind the figures, and this in a structured way. This "**structured transparency**" is dead on its own. If there's to be life in it in the sense of setting objectives, planning, and controlling, and if the responsible managers are to stand by their decisions, then there has to be some communication, some real interaction.

And for that we need **rules of conduct**. Not that the aim of communication is to bring about an "I win, you lose" situation. That happens when you sit on opposite sides of the conference table. The discussion turns into a sort of tennis-match. The one fellow hits the argument over the net, the other fellow hits it back - but just look where the ball has landed! The other fellow now just has to accept the fact that he can't think of any valid riposte. Then he's the loser.

So how do you get people to focus on the matter in hand instead of promoting departmental interests or following slavishly in the boss's footsteps? For this we need the game rules for the moderation process by means of which **win-win solutions** can be found. And that means: both sides win. As does the problem that was to be solved.

So here are 10 commandments or rules of conduct

Get off your backside

1

Anyone who manages to get away from his seat at the conference table for some purpose automatically turns into a moderator. If you stick to your seat, you are, so to speak, at home, looking after your own departmental interests and often against the others. Once you're away from your seat you can serve the interests of the matter in hand, involve the others and escort the team on its way to a result. But simply to leap up from your chair to prowling around the table won't do. There must be a very good reason clear to everybody why someone has left his seat. It could be, for example, because there's a flip-chart up there showing a structure with gaps that need to be filled in. Or a pin-board with a half-finished plan to be completed by the team. Then you have to get up from your seat and so ensure that the eyes of all concerned are focused on the topic under discussion. By now it hardly matters who is making a contribution to the topic, whether it is a co-worker or an executive.

No more sitting opposite

2

Furniture is often arranged so that people sit opposite each other: conference tables, horseshoe seating arrangements, you in front of the desk, me behind, or vice versa...If you are then challenged with a "Tell me now" or a "How do you account for...?" you feel that you are in a sort of examination situation where you are being interrogated to the point of being stripped naked. So away with all this sitting opposite one another! Far better to sit side by side. Break out of the horseshoe, stand beside it so that you can direct people's eyes to the topic which is either up on a pin-board or a flip-chart, overhead projector or computer screen. In this way you can interrogate the topic instead of the individual people. You can keep your eye on the ball.

Write as you go along - so that everybody can see it

3

If you take notes on a pad which is on the table in front of you or on your lap, you can't make any constructive contribution to the discussion. And why? Because you are too busy documenting it, conscientiously and carefully, of course. But this is no way to help guide the discussion. So you must write in a way that everybody can see, for example, that an unresolved point has been written up and preserved. Somebody puts it into words. Then you ask, "How would you like me to write this up so that we don't forget about it?" And you direct the participants' gaze to the topic that is on an openly visible minutes sheet in the form of a flip-chart or even a computer screen. Instead of "How would you like me to write this?" you might also consider saying, "How shall I key that in now?"

Offer a framework where something has to be added

4

If you want to get alongside someone it's no use going either with an empty sheet of paper or with a completed document. That can simply be handed over. No, what you need is something that sparks the need for explanations and something which needs to be written on. In other words, a sort of *pro tem* paper. It is still *pro tem* and needs to be copied up neatly. Then it follows almost naturally that you develop the framework paper sitting side by side, noting as you go along what actions are required as the result of variances in a variance analysis and who is to take direct personal responsibility for the corrective measures?

When someone comes towards you, turn and go a few steps with them...

5

Should you as a controller meet, for example, a company dignitary coming along a corridor towards you, you can't very well stop him in his tracks to pass on a message. But you could, while saying "Good morning", turn and walk a few steps with him and then you ought to have a topic up your sleeve to thrust under the hurrying dignitary's eyes.

So controllers, just like workers vis-à-vis their bosses, should always have something handy together with an appropriate question, which has just become urgent and which they should have written down on a notepad or a moderation card all ready to whip out when required.

This procedure also has the advantage that you yourself can do the asking and don't have to wait until it's you who gets questioned/interrogated. So be prepared for the unexpected. You may bump into the boss more often than you reckon to.

Step on stage as a service-provider

6

You can take this literally. If you want to act, you have to get up on your feet. If you want to contribute something in meetings, in "sessions", then you first have to stand up. Otherwise you'll be "put down". If you sit tight, you're trapped. If you get out on to the stage, as it were, you have your chance. Particularly if you have a nasty feeling in the pit of your stomach, getting up will be like a moment of liberation. Moreover, you must always do it spontaneously as soon as you get that nasty feeling in the stomach. Best of all, of course, as mentioned above, people should perceive your getting to your feet as a perfectly functional act, because, for example, you are going to write something up. "How shall I formulate that?" Or "Have I written that the way you want it?"

Home-visits belong to the controller's repertoire. It's often a question of overcoming a twofold reluctance. For one thing, it means poking your head in where others are comfortably at home. You may be asked: "What do you want here?" Secondly, you have to overcome your reluctance to abandon your beloved PC. **But get away from your computer and get out to where the people are.** When you pay a visit it is only polite to take a little something with you, not perhaps a bunch of flowers or a box of chocolates but an appropriate idea, a suggestion appropriate to the matter in hand, a solution that clears up the recorded variance. But you can't take a present along if you haven't got it in writing. Just taking along speech bubbles won't do.

A super present you can take is the "**four windows form**". This idea was alive and kicking in the Controller Academy long before Microsoft Windows saw the light of day. In the upper left-hand window would be the relevant figures. Underneath that is what can be got ready for the diagnosis. The year's target figure is written in the upper right-hand window. What hasn't been written in yet is the measures that are now to be taken. As a controller you can prepare ideas according to the "if this, then what?" principle. In co-operation with your managers you can work out the forecast to year end, showing how the target can be met. And supposing the problem can't be solved there and then during your home-visit, store it away in the topic box in your "four windows form". Now it can only be sorted out in the medium term on the spot, or will have to be dealt with at a higher level, unless indeed it requires some fresh strategic thinking.

Data per month / accumulative					Forecast					
No.	Relevant items	Budget per...	Actual per...	Variances		Annual budget	Estimate next quarter	Estimate remainder of year	Estimate to year end	Estimated variance from budget
				000's	%					
1	Volume									
2	Sales									
3	Variable/product costs, standard									
4	Contribution I									
5	Promotion									
6	Contribution II									
7	Profit centre costs									
8	Contribution III									
9	Stocks									
10	Receivables									
Variance analysis					Corrective measures			Responsible	Date	

Taking notes on your PC as you go along	8
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The form could, of course, very easily be on your computer screen. Then the blank spaces constitute a menu of options. Ultimately something has to be typed in. **From the point of view of**

communication psychology the effect of the computer is to compel people to work side by side.

At the same time we wouldn't recommend enlarging the text and the figures or projecting them somehow on a big screen. That merely produces the cinema effect. It's got to be done on the small screen. So the idea is not "make it bigger" but "come closer". Even when there are several people it is possible to be drawn close to the computer screen. And now you get clear interaction focussed on the topic; **the sheer proximity generates more co-operation among team members and you get drawn towards the right in your four windows form and are able to determine more clearly what action to take.** And if bosses are present, they too are simply normal thinking people capable of working out the solution to a problem. We would not, by the way, recommend that you work with the mouse but only with the keyboard. The mouse compels you to look at the screen *too* closely. The note-taking controller must empathise with the participants by reading their faces and watching their reactions. If in doubt, you may need to touchtype. But this is not crucial because there is no need to hurry. After all the people have to see whether they have brought a correct decision into the world. They are, in a sense, midwives.

First in, last out in the conference room

9

All business is local, as the saying goes. Markets are market *places*. This also applies to discussions, meetings, conferences. To take charge of the meeting room you need to be first in. **If you are the first one in, you welcome the others who join you.** The first person in almost automatically plays the part of organiser. Not to mention the fact that you can arrange the seating, and deploy the equipment to good effect. And rooms can actually tell you something before the seats have been occupied. You can more easily tune into the mood of the people who are going to come. In short, you are not only prepared for the business on the agenda but you are also focused on the people taking part. And depending on the size of the company it would also be advisable to memorise the names beforehand. If the list of participants is too long it would pay you to set about writing out little name-plates for them, even in your own company. The ostensible reason for this is: so that everybody knows where he's sitting in the meeting.

In this way the counter-argument "but we already know each other" is invalidated. Yes, of course, but we know where our seat is. And these name-plates should have the names written on both sides, so that it is possible to see who is sitting where from any corner of the room. And many bosses are very pleased that they don't have to rack their brains to remember the name of so-and-so sitting over there...

No rear view mirror questions

10

People who ask questions about the past only produce frustration. "Why didn't you do that earlier?" ... "Couldn't you have settled that before?" ... "What happened at such and such a

meeting then?" ... " Why has this variance occurred?" ... "How come that your costs are higher than planned?" ... "Why are your sales again down on the budgeted figures?" ... All these questions create a climate in which those at the receiving end feel that they have to justify themselves. And these justifications tend to irritate. And then the questioner reacts by putting that "Why did that happen?" question even more forcefully. And that's a mistake.

The secret is to use "**Where do we go from here?**" questions. But you need a pacemaker to lead you into questions like that - in other words our old friend the four windows form used to accompany the discussion on flip-chart, pin-board or PC screen. **Then you can stimulate "Where do we go from here" questions simply by asking, "What shall I write/ type in here?"** And this should be the area of forecast figures, forecasts to year end, the *reste à faire*, the cost to complete - and this based on measures in accordance with the activity based budget and forecast.

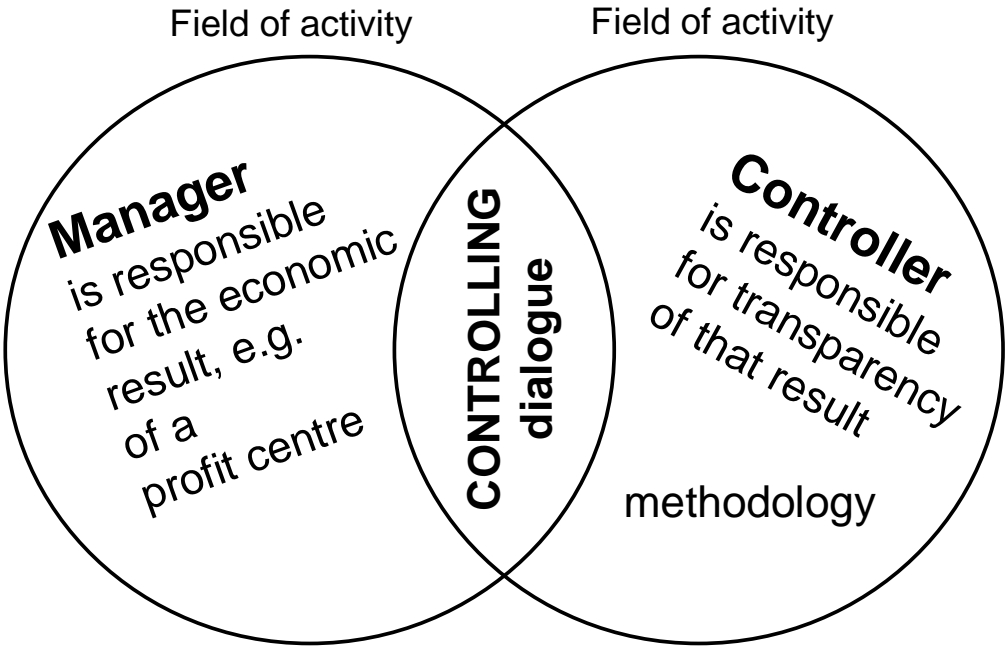
This mode of questioning also applies in private life. Asking children what it was like in school today never elicits a clear answer. The right question should be, "Are you going again tomorrow?" Or if you are asked when you get home in the evening how it was at work today your first reaction would probably be to pour yourself a quick drink. The question "What nonsense are you getting up to tomorrow?" - that gives scope for mutual consultation at home as well.

But we are programmed from childhood onwards to give such evasive answers about the past. When, for example, St Nicholas comes on 5/6 December the question is: "Have you children been good?" Which means in controlling-English: "Haven't you children had any variances?" In situations of this kind you have been used since childhood to saying: "The vase was suddenly lying there on the floor and I just happened to be standing near it." So St. Nicholas, well-versed in the art of controlling, should really ask: "What measure do you intend to take, my dear child, to be good next year? Write it up and hang it over your bed. Then as the year goes on you can decide whether the notice should stay where it is or whether it can be taken down."

In Michael Ende's book *Momo* there's that scene with Beppo the street-sweeper. We are shown how the little girl called Momo **had a special way of listening. Whereupon the street-sweeper found the right words.** ... This special way of listening is the controller's structured transparency. Listening in the sense of being ready to chip in with number and verse to solve a problem. Then the managers too will find the right words for themselves. After all, the object of the exercise is not for a manager to tell the controller something so as to enlighten him. It's more a case of his clarifying things for his own sake. You have to be able to explain things to yourself. That's the only way things become clear.

On controllers and controlling

The intersecting circles model of manager and controller working as a team is taken from Dr Albrecht Deyhle's training seminars and symbolises the communication between the two. The intersection is the overlapping part. This is the **process of controlling**. It's **the controller service**, whether centralised or decentralised, that is responsible for promoting this process, devising the necessary systems and tools for it, and making sure that it functions properly. Controlling is the process that concerns everybody personally, within their field of activity. The business operation has what we might call its economic reflection. A *centre* can be a profit centre (managers would expect to see a result) or a cost centre (the reflection in cost terms would need to be made visible). Management is responsible for the economic result; the controller service for the transparency of that result. The intersection shows that good communication is indivisible. It implies that you seek and find solutions together, using survival rules like our ten commandments. To ask at the end of the day who contributed how much to the solution is an unanswerable question. In any case, it breaks the tenth commandment. Controlling methodology should be developed in the segment of the circle where the controller service is, as it were, on its own. The techniques for measurement and regulation in a business administration sense. The phrase "result transparency" is a catch-phrase for all this.



The chart overleaf demonstrates how the business result, the finances and the strategy are integrated to provide a clear understanding of the situation. This is integrated transparency. You can depict the result structure graphically with the break-even chart. In the angle between turnover and product costs are the contribution margins, just adequate at the break-even point to cover the structure costs (period costs over a given period). The upper line in the band of structure costs represents depreciation. And where the turnover line crosses the dash-dot-line (---·---) we enter the cashflow zone, and where it climbs beyond the depreciation line we enter the profit zone.

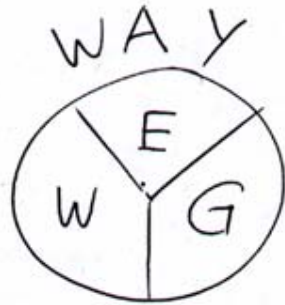
The result structure is based on financial stability. And this is represented in the logic of debit and credit in the double-entry book-keeping.

The application of funds can be seen in the balance sheet under the fixed and current assets which together produce the investment. Where does the money for that come from? The source of funds is equity and outside capital. Then we must ask the question: Is this balanced financially?

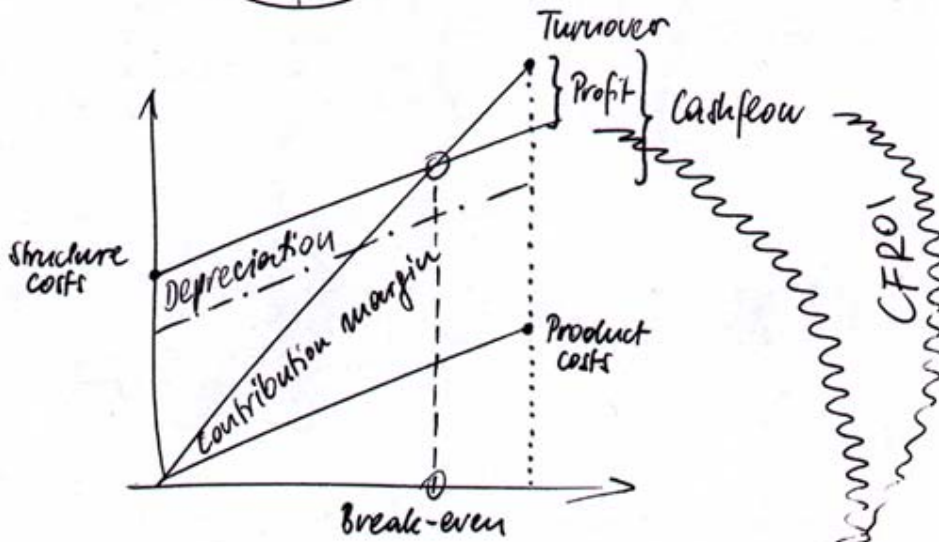
The connecting line between result/ profit/ EBIT (Earnings before interest and taxes) on the one hand and investment on the other shows the Return on Investment ratio; when depreciation is included, we get the Cashflow Return on Investment (ROI and CFROI).

Once you reach a certain level in your sales volume or turnover in euros, the question arises as to what your market share - or possible relative market share- might be. Then the matter ceases to be operative and becomes strategic. Setting the market share objective relates to the *E* in the *WEG* symbol. This stands for *Entwicklung* or development. Which way should we go with the development of products, services, organisational structures? What are the company's core competencies? What are the capacities that give us a competitive advantage? The letter *W* stands for *Wachstum* or growth. Behind which are the customers. Have we got more customers? Is the market growing or is this at the same time an increase in our market share? How big is the quota of regular customers, the number of repeat orders? And *G* stands for *Gewinn* (profit) or *Geld* (money) and reaches down into the structures of result and finance controlling.

The three letters in the circular *WEG* symbol form that word so important in planning: *WEG* (WAY). What are the objectives we are on our way to? This is where controlling takes off. For here it is important to find a balanced, holistic way of setting objectives. You shouldn't just focus on quick returns and stop investing in the markets. Nor should you develop things without looking to see whether there are any customers for them. So you see, like the balanced scorecard, the *WEG* symbol stands for balanced thinking and acting; or look at it another way: it's a steering-wheel for management.



W = Wachstum = Growth
 E = Entwicklung = Development
 G = Gewinn = Profit



Application of funds	Source of funds
Fixed assets	Equity
Current assets	Outside capital
<u>Investment</u>	

