

INTERNATIONAL CUSTOMER CONTROLLING

A LOOK BEYOND BORDERS

Amid all the Big Data, have we lost sight of our customers?

Big Data poses special challenges. Despite or perhaps even because of Big Data, many of us are still “flying blind.” Yet the BI tools that make Big Data manageable and meaningful to use are exactly what enable us to take a further important step in customer controlling.

the expenses associated with “looking after” the customer. These include, for instance, activity-based expenses for order processing, consulting and training services as well as the costs for complaint management and customer support by our internal and external sales teams or the global key account team.

We are international – our customers are too!

Not every customer is tied to a branch or a country. A bad customer in one country does not necessarily mean a bad customer for the group. Business processes are internationally connected. For example, it is no longer a rarity that a global key account manager (GKAM) may work for corporate headquarters in the US and yet close a big order for Mexico. So, where do you show the costs of this GKAM now – on the income statement of the US, at corporate headquarters, or in Mexico, where the revenue from the order is actually recorded?

Don't worry about some gaps!

When segmenting customers, it doesn't matter whether the customer result is exactly right. Rather, what's important is the order of magnitude and the relative position in comparison with other customers. After all, it is certainly true that a customer who places daily orders causes more ordering expense than one who places an order just once a week, meaning it doesn't matter if you book costs of 9 or 11 for an individual order.

Customer portfolios allow a holistic view.

In addition to the operating customer result, the strategic importance of the customer must be taken into account, too. Who are your “dilemma customers” – i.e., those with high strategic importance but a poor customer result? How many of them can we afford (budget!), or is there something we can do about the activity-based expenses associated with these customers?

To achieve sustained success in customer relationships we need a holistic view of our customers.

Happy customer controlling
Dietmar Pascher

An international customer result account provides transparency.

To do that, you need worldwide multi-level contribution accounting by customer. Initially, we compile the product margins on the customer orders. Then I recommend that you deduct cash-effective costs that are controllable in the short term. Depending on the sector, these can be, for example, sales reductions in the broader sense, service charges at the retail level, warranty and goodwill costs, catalogue participations, entertainment, etc. After a contribution margin II is calculated, we deduct

| Customer Result Account | Entity 1 | Entity 2 | World |
|-----------------------------------|-------------|-------------|-------------|
| Gross Sales | 1700 | 1500 | 3200 |
| - Discounts | 100 | 30 | 130 |
| Net Sales | 1600 | 1470 | 3070 |
| - Product costs (var. costs) | 550 | 350 | 900 |
| Contribution I | 1050 | 1120 | 2170 |
| - out of pocket expenses | 170 | 150 | 320 |
| - short term controllable costs | 75 | 45 | 120 |
| Contribution II | 805 | 925 | 1730 |
| - activity based costs subsidiary | 45 | 15 | 60 |
| directly allocatable to customers | 25 | 5 | 30 |
| Contribution III | 735 | 905 | 1640 |
| - activity based costs global | | | 720 |
| Customer Result | | | 920 |



Dietmar Pascher,
Partner and Trainer of the
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SUCCESSFUL COOPERATION

ICV EXPERTS AT CONFERENCES



This year, the **3rd ACCID Conference** brought together 250 accounting and business management professionals at the University of Girona.

The ACCID (Associació Catalana de Comptabilitat i Direcció) organises a conference in Spain every two years. This year the conference took place in Girona on 30th May in cooperation with the ICV. The aim of the conference was to discuss the most current management issues related to standards and best practices in the areas of accounting and controlling. It also addressed the objective of the ACCID to become a meeting point for professionals and academics in the world of accounting and controlling in order to improve the transparency and quality of financial information. In this third edition, held at the headquarters of the Faculty of Economics and Business of the University of Girona, several simultaneous conferences and workshops on current issues regarding accounting and management were organised. Ten simultaneous workshops were held on topics such as management control in business, developments in accounting standards, the tax reform in 2014, standards in accounting and management of cooperatives and non-profit organisations.



Ulrich Müller Bosom,
Leader ICV working group
Spain



Some of the speakers under the theme “Controlling in SME” were Pau Guerrero, CFO of Corporación Gervino and Francisco M. López, Managing Director of Rando MMC, who spoke about their experiences on good controlling principles in SMEs. Ulrich Müller Bosom, head of the ICV working group Spain, also discussed the latest developments in controlling.

Next year on the 28th and 29th of May, ICV Spain plans to participate in the 6th ACCID Congress in Barcelona. Invited speakers are Prof. Heimo Losbichler and Dietmar Pascher. More than 800 people are expected to attend this Catalan Congress, which will take place at the University of Abad Oliba in Barcelona.

