

The Controlling Concept

A Practical Guide to Effective Management Control

Bearbeitet von
By Horváth & Partners

1. Auflage 2019. Buch. XII, 264 S. Softcover
ISBN 978 3 8006 5380 5
Format (B x L): 16,0 x 24,0 cm
Gewicht: 490 g

[Wirtschaft > Unternehmensfinanzen > Controlling, Wirtschaftsprüfung, Revision](#)

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Cornerstone of Performance Management

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Verlag Franz Vahlen München

Horváth & Partners is one of Germany's foremost international consulting firms with core competencies in business management and performance optimisation, and for years has held the top spot in all rankings for Controlling and Finance.

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ISBN Print: 978 3 8006 5380 5
ISBN E-Book: 978 3 8006 5381 2

© 2019 Verlag Franz Vahlen GmbH
Wilhelmstr. 9, 80801 München
Typesetting: Fotosatz Buck
Zweikirchener Str. 7, 84036 Kumhausen
Printing and binding: Nomos Verlagsgesellschaft mbH & Co. KG
In den Lissen 12, 76547 Sinzheim
Cover design: Ralph Zimmermann – Bureau Parapluie
Photo credits: © franckreporter – istockphoto.com,
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Printed on acid-free, age-resistant paper
(produced from chlorine-free bleached pulp)

Preface

We are delighted that our tried-and-tested “Controllingkonzept” book is now available in English under the title of “The Controlling Concept”, making it accessible to an even larger readership. This version is the translation of the 8th edition of the German book. A Chinese edition has also been available since May 2018, sitting alongside the German and English version.

The 1st edition of this book was published by Prof. Dr. Dr. h.c. mult. Péter Horváth, professor emeritus at University of Stuttgart and founder of Horváth & Partners, together with associates from Horváth & Partners, and released in German-speaking countries back in 1990. Since then, the book has continued to be developed further based on the latest developments within corporate practice, cutting-edge scientific findings in different management disciplines, and the very latest developments in IT. This edition therefore replicates the state of the art in controlling. The book is targeted at controllers and managers of larger companies, who wish to create a controlling system that complies with both current as well as future company management requirements.

We would like to thank Prof. Horváth, who supervised this edition organisationally and played a key role in shaping its content, as well as the many colleagues from Horváth & Partners contributing to this edition. We would also like to give particular thanks to René Linsner, Frank Poschadel, Christian Huck and Christina Seez, who all made a massive contribution to bringing the English version to life.

Stuttgart, January 2019

Dr. Uwe Michel

Member of the Managing Board
Horváth & Partners Management Consultants

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Objectives and structure of the book

How does a company align itself with its objectives and ensure success in the long term? All companies have to face these challenges all the time. The challenges have become even greater given the increasing level of volatility and global uncertainty in recent years. The task for management is to direct the company and to adapt to changes in the corporate environment by way of suitable corporate strategies, structures and processes. Controlling primarily supports management in this task by providing suitable controlling information and processes.

But how is an effective controlling system structured?

By using a wide range of successful consultancy projects regarding the structure and improvement of controlling systems as the basis, Horváth & Partners has developed the “House of Controlling” (see Fig. 1). This covers the central components of an effective controlling system and has proven itself in practice time and time again.

This book provides a detailed description of the components of the “House of Controlling”, illustrating the key findings in a manner that is easy to understand for readers. In addition, specific structural principles for managers and controllers as well as practical examples enable implementation in small- and medium-sized enterprises as well, thus contributing to the distribution of effective controlling systems in all sectors and through companies of all sizes.

This book is specifically designed for practitioners who have experience in dealing with managerial issues, but who require structural know-how for the purpose of a modern controlling system.

The book therefore has the following objectives in mind:

- Readers should become familiar with and understand the central components and design features of an effective controlling system (“House of Controlling”).
- Readers should learn how to deal with the various terms, tasks and tools involved in controlling.
- After having read this book, readers should know how an effective controlling system is structured and which design features need to be observed in particular. They should therefore be able to adapt the knowledge they have obtained to the special characteristics of a company.

This will generally involve replicating the latest status regarding practical and scientific findings on controlling and illustrating numerous examples from corporate practice. The general practice-oriented controlling system is always at the forefront of this. This does not involve a detailed scientific approach as regards individual controlling problems.

The structure of the book is aligned with the components of the “House of Controlling” by Horváth & Partners:

To begin with, Chapter 1 clarifies the term “controlling”, general controlling tasks and an understanding of the role and skills of the controller. This provides the basis for illustrating the components and design features of an effective controlling system in the subsequent chapters.

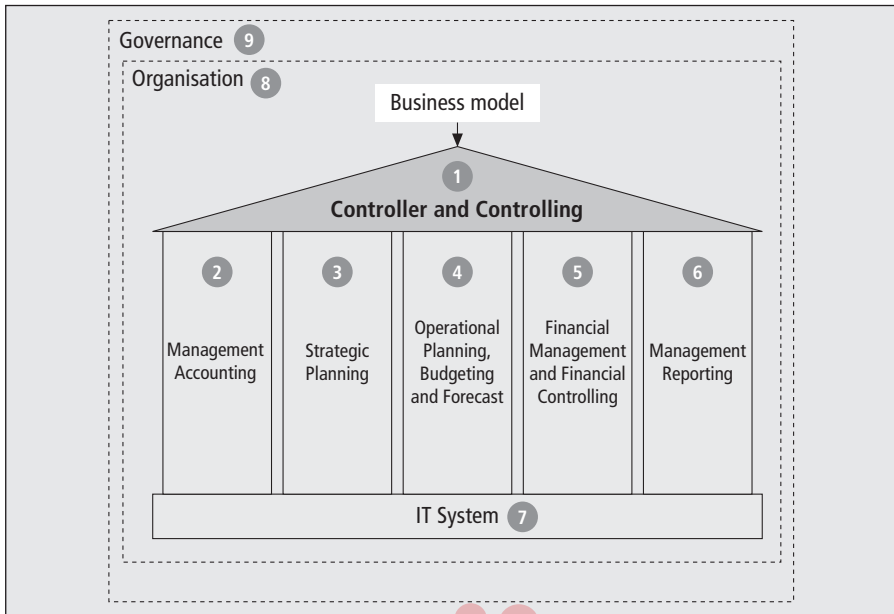


Fig. 1: Structure of the book based on the “House of Controlling” by Horváth & Partners

Chapters 2 to 7 describe the individual components of an effective controlling system. All chapters are structured identically to each other. The objectives of the chapter are indicated in the first section. The second section in each chapter illustrates the need to take the component into account as part of an effective controlling system. The third section describes the central design features and the special characteristics to be noted. The fourth section makes use of a practical example to illustrate and supplement the knowledge blocks developed. Each chapter is concluded by way of a summary of the most important findings in the form of structural checklists for managers and controllers. These checklists are based on diverse consultancy experience with regard to the structure and improvement of controlling systems in practical situations.

Chapters 8 and 9 describe the legal, information-related and organisational framework of a controlling system.

Chapter 10 offers a concluding outlook on current and future developments for controlling and controllers.

Overall, the new edition of these proven guidelines aims to provide an illustration of the “state of the art” as regards controlling.

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