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KEY PROBLEMS IN CONTROLLING IMPLEMENTATION

The article is dedicated to determining and analyzing the problems which hinder controlling implementation at Russian enterprises. Among such problems are the following: the lack of understanding of the very notion of controlling; the wrong time for introducing and implementing controlling; resistance to the introduction of controlling; low qualification of controllers and; disregard of the opinions of managers when selecting the controllers; the dominant role of accounting and analytical component in controlling.

Keywords: controlling; controller; qualification of controllers.

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ОСНОВНИ ПРОБЛЕМИ ВПРОВАДЖЕННЯ КОНТРОЛІНГУ

У статті розглянуто питання, пов'язані з визначенням та аналізом проблем, що стримують впровадження контролінгу на російських підприємствах. Встановлено, що такими проблемами є: відсутність чіткого розуміння самого поняття контролінгу, неправильний вибір моменту створення та впровадження контролінгу, наявність джерел спротиву впровадженню контролінгу, недостатня кваліфікація контролерів та ігнорування думок менеджерів при підборі кадрів служби контролінгу, превалювання обліково-аналітичної компоненти.

Ключові слова: контролінг; контролер; кваліфікація контролерів.

Табл. 1. Літ. 10.

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ОСНОВНЫЕ ПРОБЛЕМЫ ВНЕДРЕНИЯ КОНТРОЛЛИНГА

В статье рассмотрены вопросы, связанные с определением и анализом проблем, сдерживающих внедрение контроллинга на российских предприятиях. Установлено, что такими проблемами являются: отсутствие четкого понимания самого понятия контроллинга, неправильный выбор момента создания и внедрения контроллинга, наличие источников сопротивления внедрению контроллинга, недостаточная квалификация контроллеров и игнорирование мнения менеджеров при подборе кадров службы контроллинга, превалирование учетно-аналитической компоненты.

Ключевые слова: контролинг; контроллер; квалификация контроллеров.

Problem statement. Controlling is a versatile instrument of deep improvement of companies' performance adjusting the whole management system to achieve the objectives set. According to the international experience controlling is effective not only in industry, but also in insurance and banking, large commercial enterprises, airlines, advertising and publishing business.

However, despite evident advantages of controlling and its relatively wide use in various industries in Western countries it has not become widespread in Russia yet.

Recent research and publications analysis. Features of controlling application were studied in a number of articles by Russian and foreign researchers, among them are such authors as A. Daile et al. (1993), A. Daile (2001), N.G. Danilochkina et al. (1998), N.G. Danilochkina (2002), N.G. Danilochkina and N.V. Cherner (2007), A.M. Karminskyi et al. (2009), R. Mann and E. Meyer (1995), E. Meyer (1993), S.G. Falko (2006).

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Formulating the research objectives. Although there are many publications on the above issue, the cause of poor dissemination of controlling in Russia has not been fully studied yet. The main aim of the article is to determine and analyze the problems hindering controlling use at Russian enterprises.

Key research findings. Analysis of theoretical works and practical use of controlling allowed identifying the major problems preventing its successful application in Russia:

1. One of the main problems is the lack of clear understanding of the concept of controlling. There exist two extreme points of view. The first implies that controlling is the contemporary means of control and comparison of planned and actual performance of business activity and nothing more. And the other one stipulates that controlling is a contemporary system of running business.

Both view points are very harmful because they hinder controlling dissemination in Russia. The former implies the lack of effectiveness of adoption in controlling, and the latter one because of exaggeration of controllers' power.

Between these two points of view there are more than 30 varieties of the concept of controlling. The desire of some authors to highlight some key elements of controlling system only breaks its integrity (Vinogradov and Ponikarov, 2009).

Integrating all the ideas of controlling to make the whole system of various concepts, we can refine the concept according to operating conditions in Russian industries. *Controlling is a long-term oriented integrated system of information, analytical, methodical and instrumental support for enterprise managers in the process of preparation and making optimal decisions based on the measurement of resources, costs, processes and performance outcomes of a company.*

2. The second important problem is the wrong choice of the moment for creation and implementation of controlling. The head of a company should not create controlling service only to be considered as "up-to-date" or "fashionable". Before making a decision about the need of this service it is important to analyze external environment, capacity (resources), targets, strategies, desired and actual state of a company.

It is not wise to create controlling service for the company that is going to be greatly structurally changed, for example, part of business is going to be sold, or new companies are going to be bought, or the company is going to diversify etc. On this stage, the stage of restructuring, senior managers are not able to put clear aims because of the high degree of uncertainty both for the company and their own career.

Experience shows that there will be nothing without voluntary agreement and acceptance of the need for controlling by the part of owners or senior managers. As well as all the attempts to adopt controlling from the bottom to the top gave no results. Thus, until top managers realize and become convinced in feasibility and benefits of controlling, it is too early to adopt it.

If middle managers are afraid that controlling can show their personal ineffectiveness or incompetence, they know about, it is also too early to adopt controlling as well. There is a very high probability of resistance of this group of middle management.

An important factor that needs to be taken into consideration when choosing the moment for putting the controlling system in use is the sufficiency of financial

resources. Working out and adoption of controlling assumes considerable costs, especially if the process involves external consultants. They may be involved even at the pre-design stage.

After the top managers make sure that it is necessary to create a controlling service, there arises a question, if they need to establish an independent service or to distribute controlling functions among the existing business units.

Having made the decision to create an independent controlling service, the management should determine its degree of centralization. Decentralization allows allocating part of controlling service functions between other departments.

After determining the degree of centralization it is necessary to establish the composition of the subsystems. The most appropriate for Russian conditions is to implement individual subsystems and join them later into the whole system. That raises the need to prioritize the development and the implementation of subsystems.

3. We should bear in mind that controlling for most Russian enterprises is an innovation, so its adoption can cause resistance. To overcome this resistance, to achieve quickly the first results and then to implement sustainable and working system we need to analyze the difficulties that can emerge, their causes and tools that help to withstand and overcome them.

The key factors that determine the speed of adoption of any innovation as well as the factors that help and prevent putting controlling into use rapidly are listed in Table 1.

Table 1. Factors promoting and hindering putting controlling in operation
(Danilochkina et al., 1998)

Factor influencing the adoption rate of innovations	Benefits of controlling	Controlling disadvantages
Results of putting into operation: - economic; - social	- Increased flexibility and profitability of an enterprise in the long and short term. - New opportunity for fast promotion due to creation of controlling department (raising the status)	- Imperfection of existing methods of analysis. - Threat for status of some groups (accounting department, planning department etc.) as well as for some individuals (heads of relevant departments)
Compatibility - with corporate culture; - the methods of providing information to managers	Depends on the company	- On average, low compatibility with corporate culture. - Low compatibility with traditional systems of information provision
Complexity of innovation	Simple models	Complication in comparison with traditional techniques, need for additional training
Divisibility of innovations, opportunity for experiment	Opportunity to put into operation in one department and then to extend the experience to the entire enterprise	The overall effect can be observed only after putting into operation at the whole enterprise
Obviousness	The first results are immediately clear for leader	The complete result cannot be seen immediately

4. Another problem is controllers' low qualification and ignoring managers' opinions during recruitment of a controlling service staff members. Ideally, there are 3 groups of requirements while recruiting a controlling service personnel. They need to possess:

- the ability to play the role of a professional controller;
- compliance with corporate culture of business;
- compliance with company's managers.

In reality in order to achieve the company goals very quickly leaders take into consideration only the first two requirements, ignoring the opinions and interests of other managers, often leading to significant reduction in the efficiency of controlling.

5. The fifth problem is active resistance of leaders of functional units to the adoption of the controlling system. That can be explained by the following reasons:

a) heads of departments do not understand the essence of controlling and its benefits;

b) lack of understanding of controlling functions and tasks among managers of functional units leads to a common feeling of fear of the unknown and rejection;

c) if the head of a company understands the nature and the functions of controlling very well, but at the same time understands its low efficiency or uselessness for the main business of his department, he/she will resist the adoption of the new method by all means, either because of a self-safety instinct, or because of some personal gains;

d) the reluctance of the CEO to have his/her plans or results of his/her performance measured, evaluated and discussed by all employees.

6. The current state of controlling both in Russia and abroad is defined by clear bias to executive controlling which is the most developed in methodological and instrumental terms. In executive controlling the most advanced components are costs controlling and results controlling.

Prevalence of accounting and analytical components has led to some microcrisis in today's controlling practice. Business executives are becoming more and more dissatisfied with controlling service accusing the latter of being mean-spirited and obsessed with data analysis of financial and management accounting.

Essentially, today controlling actions with secondary sources of information omitting those layers of informational field which have greater influence on enterprise efficiency. It is, for example, arrangement of working places or scientifically based production processes that can help increase efficiency by 15–30%. The problems of innovation management are hardly discussed. And here there is the potential of increasing efficiency, according to various estimates up to 50–75%.

Conclusions and prospects for further research. The author clarifies the concept of controlling in relation to the operating conditions of Russian businesses bringing together various concepts, integrating more than 30 of them.

The factors that allow making the right decision about the moment of creation and putting controlling in use are identified.

The author explores the reasons of resistance to the adoption of controlling and defines the factors that affect the activity of this resistance.

The author argues that one of the problems is the lack of controllers' qualification and ignoring managers' views while recruiting controlling employees.

It is established that functional unit managers' active resistance to the adoption of controlling is no less problem as well.

The author proved the economic appropriateness of controlling for arrangement of working places, scientifically based production processes and for innovative management of Russian businesses.

In the future the author intends to continue the study of the theory and practice of controlling to determine and analyze the problems that hinder putting into operation this effective and promising tool of managing modern enterprises in Russia.

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