International Observatory of Performance Manager

The Performance Manager in the age of digital, Big Data and Artificial Intelligence

April 2019

Foreword

by **Bruno de LAIGUE**, *Chairman of the DFCG*

"Collect information, make it intelligible and understandable, communicate, understand the operations but also the expectations of a CODIR: these are the important tasks for the management controller or, rather, the performance manager, right-hand man of the CFO."

The International Management Control Observatory has become a must-see in the world of corporate finance. This eighth edition is the result of an investment by the ad hoc working group of our network. The consulting firm Decision Performance Council is, once again, a partner of this event.
This study is still highly anticipated, whether by the members of the DFCG or, more broadly, by the entire community of management controllers/performance managers. Everyone knows this: the management control profession is undergoing profound changes; our network is following them with great attention, in order to support the professionals in this field.

The National Network of Chief Financial Officers and Management Control Officers is pleased to participate in the development of a profession of increasing strategic importance. One of the special features of the Centre's work is that it has an international vision of management control: the number of countries participating in this survey is large, which undoubtedly allows us to take a step back from a profession that demands to get out of pure technology.
Collect information, make it intelligible and understandable, communicate, understand the operations but also the expectations of a CODIR: these are the important tasks for the management controller or, rather, the performance manager, right-hand man of the CFO.

This study also highlights the role of social management control: it is a sign of the importance of a rapprochement between financial departments and HRD. Once again, in the age of new technologies, human beings are at the center of our trades. Many thanks to all those involved in this eighth barometer; thanks also to Frédéric Doche, Chairman of the Management Control Group of our network, for this initiative, which is renewed every year and which shows how important this function is within our structures.

Bruno de Laigue
Chairman of DFCG

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INTRODUCTION AND SUMMARY:
FROM MANAGEMENT CONTROL TO PERFORMANCE MANAGEMENT

PRESENTATION AND SYNTHESIS: THE MANAGER OF PERFORMANCE IN THE AGE OF DIGITAL, BIG DATA AND ARTIFICIAL INTELLIGENCE

The International Observatory of Management Control was launched in 2010 by the DFCG (French Association of CFOs and Financial Controllers) under the initiative of Frédéric Doche, in partnership with the consulting firm Décision Performance Conseil.

The International Observatory of the Manager of Performance, was launched at the end of 2010 by the DFCG under the impulse of Frédéric DOCHE, in partnership with the firm Decision Performance Conseil. He published the results of his survey for the eighth consecutive year. As every year, practitioners in some 30 countries and on different continents (Europe, America, Asia, Africa, etc.) have agreed to answer the call. All the company profiles, in terms of size and turnover, but also multiple business sectors (banking, distribution, media, energy, etc.) are represented.

For several years, management control has not been limited to its simple function as a controller or producer of dashboards. As a result, the term performance manager appears more and more frequently in the financial departments. The International Observatory of Management Control has been transformed into the International Observatory of Performance Management (IOPM).

Faced with these challenges, the 8th edition of the observatory focuses on the impact of digital technology on the management control function and on changes in the profession. To this end, the questionnaire has been adapted. The common core covers the methods, processes and activities of the Management Controller. This year, a social management control chapter was added to the intersection between the Finance Department and the Human Resources Department.

The working group, chaired by Frédéric Doche, Chairman of the Management Control Group of the DFCG and Founding Chairman of Decision Performance Conseil, wished to illustrate these analyses again this year with the testimonies of professionals of the function.

The partnering associations:

ANDAF (Italy)
CFO Club (Slovakia)
COGEREF (Tunisia)
FEI (USA)
FINEX (Philippines)
FINEXA (Poland)
IAFEI (Global)
IHM (Greece)
IMA (USA)
IMEF (Mexico)
OPWZ (Austria)
PAFE (Portugal)
Russian Club of Financial Directors (Russia) SAIBA (South Africa)
And of course the DFCG in France.

Russian Club of Financial Directors (Russia)
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And of course the DFCG in France.

SUMMARY OF THE RESULTS

As a follow-up to the previous edition, the 2018 survey focuses on the activities of management control, the impact of digital transformation on the function and on the evolution of the role and business line.

All the observations concerning the activities of the management controllers/performance managers are consistent with those made previously. The share of time devoted by professionals to budget planning and reporting production continues to decrease from year to year. However, this share is still important given the added value it provides. Facilitating the relationship with operational staff remains the task that holds the most added value for the respondent panel. Publication deadlines are always shortened significantly. The budgetary process is still evolving, but companies are struggling to implement this change.

This year, the observatory covers the field of social management control. In fact, the social management control function is rapidly expanding, particularly internationally. The involvement of the Directorate-General is essential in this area and the social management control function facilitates the joint work between CFO and HRD.

Since digitalisation has already appeared in previous observatories and in particular in 2017, it is with interest that we find it this year. The expectations for digitalisation are high and it is in decision support that we find it in particular.

Thus, digitalisation, at the service of the performance manager, takes precedence over the so-called collaborative tools: Big Data and Artificial Intelligence are the new digital opportunities for management control. The performance manager, with these new tools, will be able to strengthen his advisory role, but above all develop a predictive vision that is increasingly in demand.

Beyond the fact that digitalisation makes it possible to establish a better performance analysis, it also allows the performance manager to be more efficient, including new analytical tools or automation and robotization (RPA) tools.
Last important point in the digital chapter for the performance manager (and for the finance function in general): data governance. The role of financial management and management control must increase in the governance of corporate data.

Having addressed the role of the performance manager, which is gaining prominence, we must ask ourselves the question of the future of management control. More than 90% of respondents believe that data science (data analysis) is a skill that performance management must master.

But beyond numbers, the development of soft skills is also one of the keys to the function's success. It is through his human and relational skills that the performance manager will be able to improve his interactions with the operations and management of the company, and to be a change leader, role that is increasingly asked of him.

PROFILE OF THE RESPONDENTS AND OF THE COMPANIES

Observation 1. The five continents are represented...

Observation 2. Diversified economic sectors...

Observation 3. Predominance of mid-size companies...

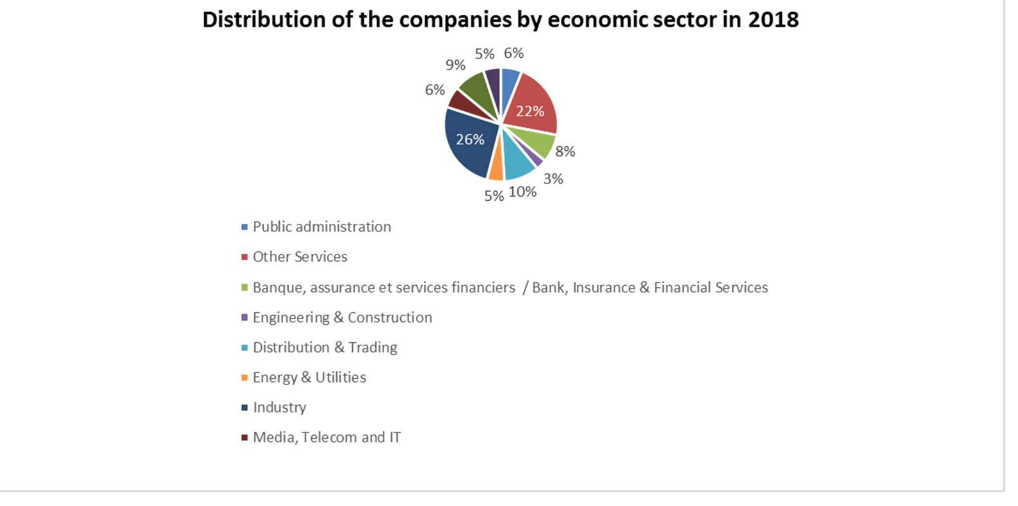
Observation 4. Our main interlocutors: CFO and performance managers, members of professional associations...

RESPONDENTS FROM 5 CONTINENTS; 85% OF LISTED COMPANIES; 58% OF MID-SIZE ORGANIZATIONS...

PROFILE OF THE COMPANIES – A SAMPLE COMPARABLE TO 2017...

Breakdown of companies by economic sector

The breakdown of companies by economic sector is more fragmented compared to the publication of 2017, which can be expected to bring richer insights. If the industry and the construction sectors are predominant (29% in 2018 *versus* 34.2 % in 2017), the "Other Services" represent 22% of the sample, distribution and trading 10%, consumer goods 9%, bank – insurance and other financial services 8%, the media and telecom sector like public administration 6% (compared to 10% in 2017) and, lastly, energy and utilities or transport and logistics 5%.



Company nationality

This year, the "European" continent (Belgium, France, Germany, Great Britain, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Slovenia, Spain, Switzerland, Sweden) represents 68% of the sample, America (Brazil, Canada, United States) 12%, Africa (Algeria, Central Africa, Chad, Ivory Coast, Morocco, Qatar, Saudi Arabia, South Africa, Tunisia) 14%, Asia and Oceania (Australia, China, Korea, India, Japan, Pakistani, Philippines) 6 %.

Company quotation

25.4% of the companies are listed (compared to 29.6% in 2017). This result is consistent with the size – mid-size on average – of the firms represented in our sample.

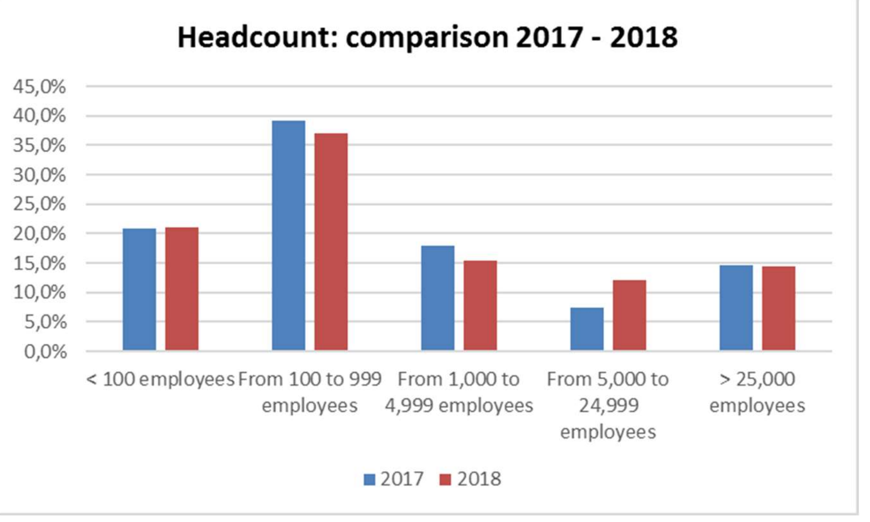
Quotation and company nationality

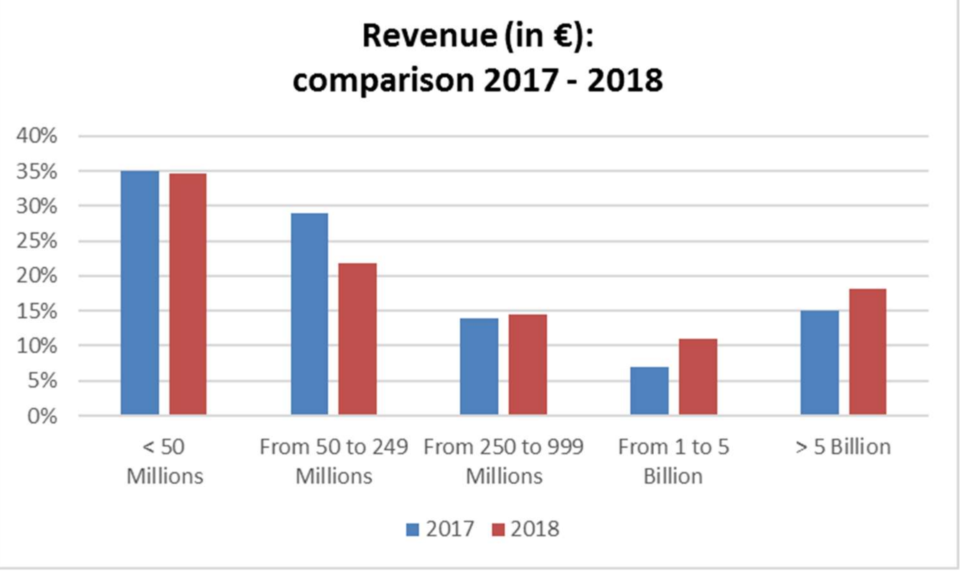
As shown in the following table, it is in the American and Asian firms (respectively 66% and 53%) that the proportion of listed companies is the higher. Conversely, non-listed companies are the majority among European and African organizations. This observation is consistent with the study of size and nationality (see further).

	Africa & Middle East	America	Europe	Asia & Océania
Listed companies	15%	**66%**	18%	**53%**
Non-listed companies	85%	34%	82%	47%
Total	**100%**	**100%**	**100%**	**100%**

Revenue and headcount

Companies with less than 250 million euros of revenue represent over 56% of the sample (down by 7 points compared to 2017). In contrast, firms with more than 1 billion euros of revenue represent 29% of the sample. Organizations with less than 1,000 employees represent 58,1% of the sample (compared to 60% in 2017). As in 2017, our sample contains a majority of mid-size companies, even if we count much more organizations with over 5,000 employees (26.6% in 2018 against 22.1% in 2017).





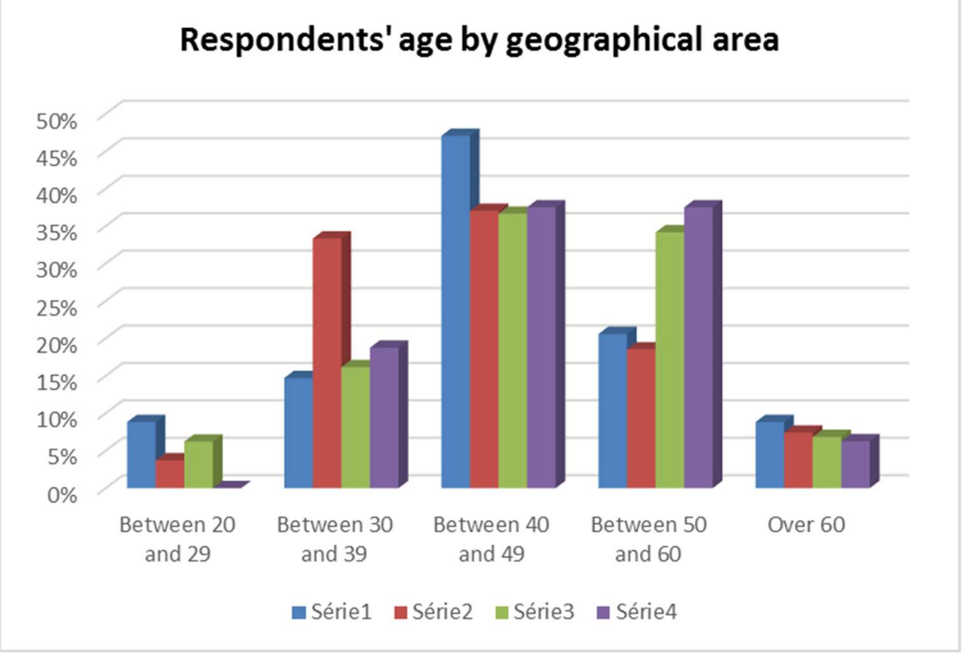
PROFILE OF THE RESPONDENTS IN THE SAMPLE – TYPICAL PROFILE: CFO, BETWEEN 40 AND 50, MEMBER OF A PROFESSIONAL ASSOCIATION…

Age of the respondents

In 2018, most of the respondents (more than 36%) are between 40 and 49 years old (compared to 42% in 2017). Almost 30% are under 39 years old (compared to 26% in 2017). 29% are more than 50. Finance and management control roles are mostly held by experienced managers but the proportion of "young" people is increasing.

Age of the respondents and geographical area

In European companies, the relative majority (37%) of the respondents is between 40 and 49 years old (compared to 42% in 2017), 16% between 30 and 39 years old (compared to 26% in 2017) and 34% between 50 and 60 years old (compared to 26% in 2017). The population we interviewed in 2018 is older compared to our previous survey. The distribution is comparable in companies located in America. In contrast, it is in Asia and in Oceania that we have the highest proportion (38%) of management control professionals between 50 and 60 years old. In Africa, we find the highest proportion of very young executive managers in corporate finance (9% are between 20 and 29 years old) but also the highest proportion of professionals over 60 (9%).



Job title

The majority of the respondents (45%) are Chief Financial Officers (CFO) or Financial Managers (compared to 40% in 2017). 23% declare themselves Management Controllers, Cost Accounting Managers or Operational Controllers. 14% are Group Controllers, Reporting Managers, FPA or Financial Controllers and 1% HR Controllers. The rest of the respondents are Financial Analysts, Internal Auditors, Cash Managers, Executive Director, Manager of Information Systems or Risks Managers. In 2018 – and contrary to 2017 – “Managing Partner” does not appear. However, there is an increase of professionals who declare themselves “Performance Managers” (4%).

Job title and respondents' age

Among the CFOs, 77% are between 40 and 60 years old (against 76% in 2017). The relative majority of the Management Controllers (33%) are between 40 and 49 years old but, among them, the part of the youngest people (between 20 and 39 years old) is higher (25%). The Financial Analysts are often young but, in this category, we also find Reporting Directors or Managers whose average age is higher. Group Management Controllers are a bit older with 70% of them between 40 and 60 years old (against almost 67% in 2017). Finally, age is often correlated with the degree of job responsibility.

Job Title / Respondents' age	20-29	30-39	40-49	50-60	Over 60
CFO	1%	15%	34%	43%	6%
Management Controller	25%	14%	33%	22%	6%
Financial Analyst / FP&A / Reporting Director or Manager	8%	42%	8%	33%	8%
Group controller	2%	22%	37%	33%	6%
Other	6%	19%	39%	32%	4%

Membership to professional associations

Globally, respondents are in majority members of financial professional associations (61%) at national or international level. Among the associations cited in our survey, 68% of them are located in the American continent, 13% in Europe, 15% in Africa and Middle East, the rest of the sample concerns Asian or international associations.

List of professional associations

European associations	AEEF - ANDAF - BIMAC - CFO Club - CIMA - DFCG - FEIB - FINEX - GEFIU - ICV - IHM - OPWZ - PAFE - RCFD	68%
American associations	AICPA - IMA - FEI - IMEF	13%
African and Eastern associations	AFT UEMOA - CFO Forum - COGEREF - SAIBA	15%
Asian associations	CACFO - FINEXA - IFEA - JACFO - KCFO - VCFO	4%
International associations	IAFEI	

To conclude, we can see a continuity in the profile of respondents and in the type of companies interviewed. This stability is very interesting for our survey to the extent that it facilitates comparison of the results from one year to the next even if the respondents are not the same.

Current activities of Performance Management

Time dedicated to Financial Planning and Reporting is down again…

Yet, those tasks remain too time-consuming when value creation is considered…

Responding financial community is willing to amend the budgeting process but tangible implementation is slow…

The reporting timespan is down once again :

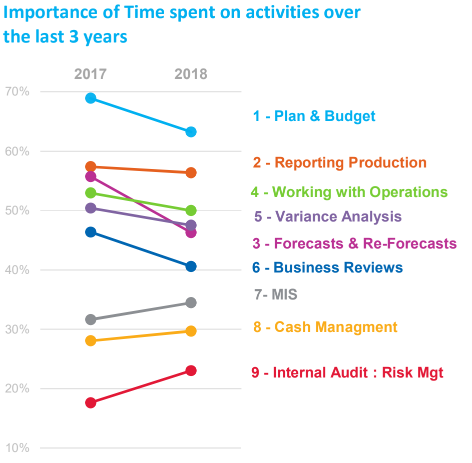
13% make their P&L available at D+2 vs 5% in 2017

Yet, 17% of companies still have it available beyond D+15…

TRADITIONAL TASKS STILL AHEAD FOR OVER 60% OF RESPONDING PEOPLE

What are the main activities?

The 2018 Observatory evidences that planning processes still rank number one (as per time spent) according to almost 2/3 of the responding persons, when 56% think reporting process ranks first. The so-called Management cycle remains the first mission of the Controlling function. In 2018, the time dedicated to planning, budgeting and reporting is down.



Beside those pillars of the Controlling function, other activities such as reforecasting, gap analysis and animation of the management cycle for operational teams are mentioned by almost 50% of respondents. These answers are consistent over time, as those figures are rather stable in time. Who could imagine that the Performance manager would monitor things hidden in an isolated tower, not so much interested in having contacts with third parties, and in looking for new axis of analysis and value creation?

« In a medium-sized company as mine, the Performance Manager is a true « pivot ». I can't imagine my duty without a close relationship and deep trust with the other parts of the organization, and this sets the basis for a permanent search of performance improvement ».

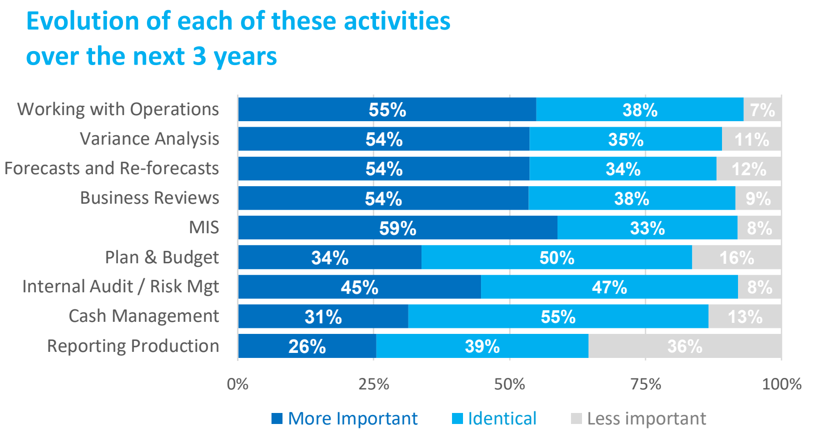
Frédéric Vigier – Financial Control Director– France

The other activities mentioned by the respondents do not appear so "universal" as Planning and reporting processes: running or participating to business reviews depend on company size, responsibility over Management information systems (MIS) and cash management account for 30% of responses, not moving upwards significantly. As far as internal control and risks management are concerned, only 23% of the respondents are in charge of those matters.

How could things evolve?

Once again, the respondents are consistent as they consider that the "other activities » should gain importance over the next years. We mean here the animation of operational people, the rolling forecast process (which implies to involve operational people), gap analysis and MIS. Yet, don't think that budgeting and reporting are an old story: 84% and

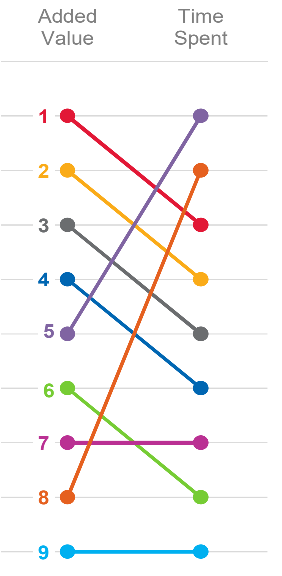
65% of respondents think that respectively those 2 pillars would be of equal or possibly higher importance over the next 3 years.



DO THE PERFORMANCE MANAGERS MANAGE TO MAKE TIME SPENT AND PERSONAL VALUE CREATION COMPATIBLE?

After reading the 2018 survey, you may think this is still an uneasy challenge! Once again and even more explicitly, there is a gap between the time-consuming activities, seen as creating moderate value, (i.e. reporting process and budgeting), and more rewarding activities such as animation of operational people, reforecasting and gap analysis, which all allow to "make figures speak". There is still a long road to the 2 sides converging, yet, digitalization and IA should help.

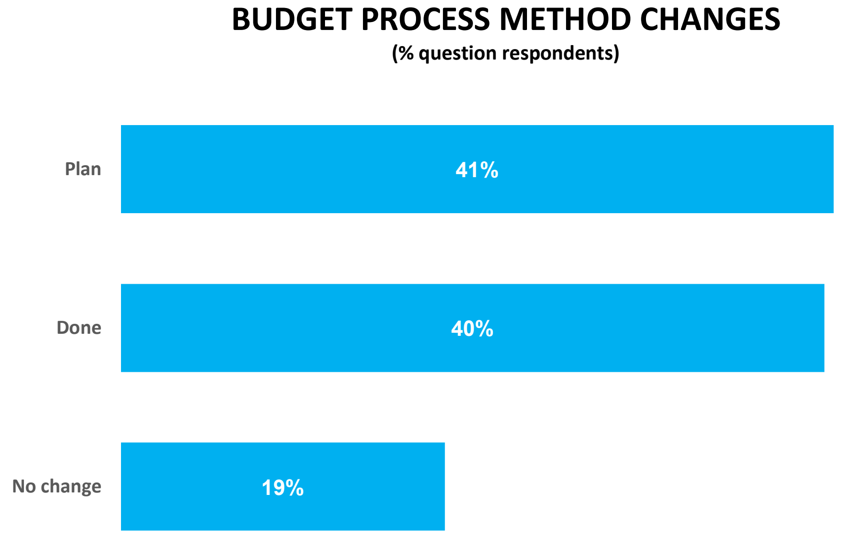
Importance of Added Value compared to Time spent



81%

OF THE RESPONDENTS PLAN TO CHANGE THEIR BUDGETING PRACTICE

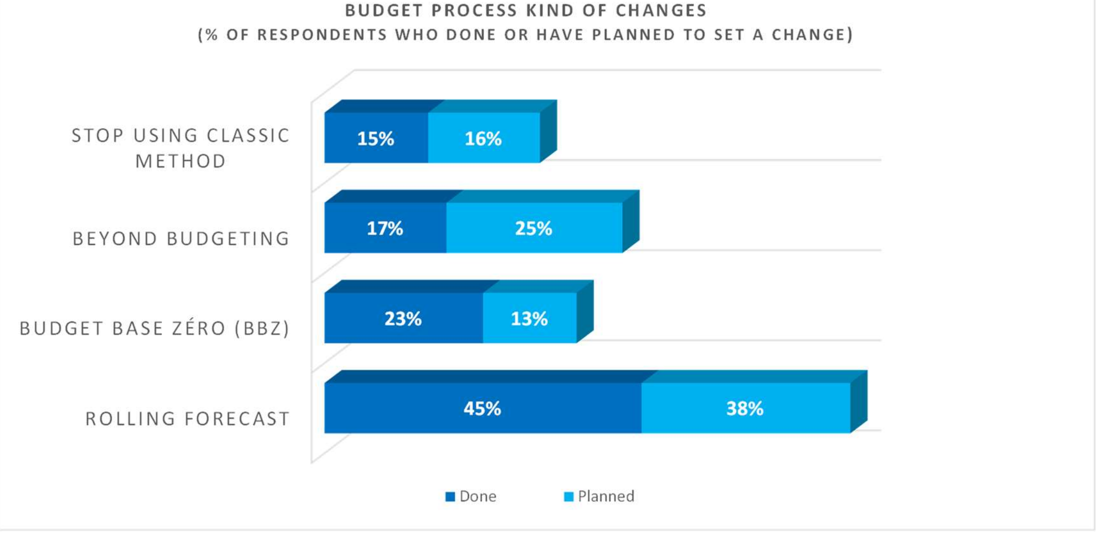
PERFORMANCE MANAGERS ARE HANDS-ON TO CHANGE THEIR REFORECASTING METHODS



81% of the respondents wish to bring changes to their budgeting process, with only half of them having actually rolled out one or several new methods.

Priority is given to the Rolling Forecast process.

The need for regular reforecasting is the most acclaimed: **83% are engaged or are planning to engage themselves (38%) in the rolling forecast process**. Once again, the responses are consistent: as the current budget cycle is too time-consuming, let's complement it or substitute it with a more periodic process which involves the operational teams.

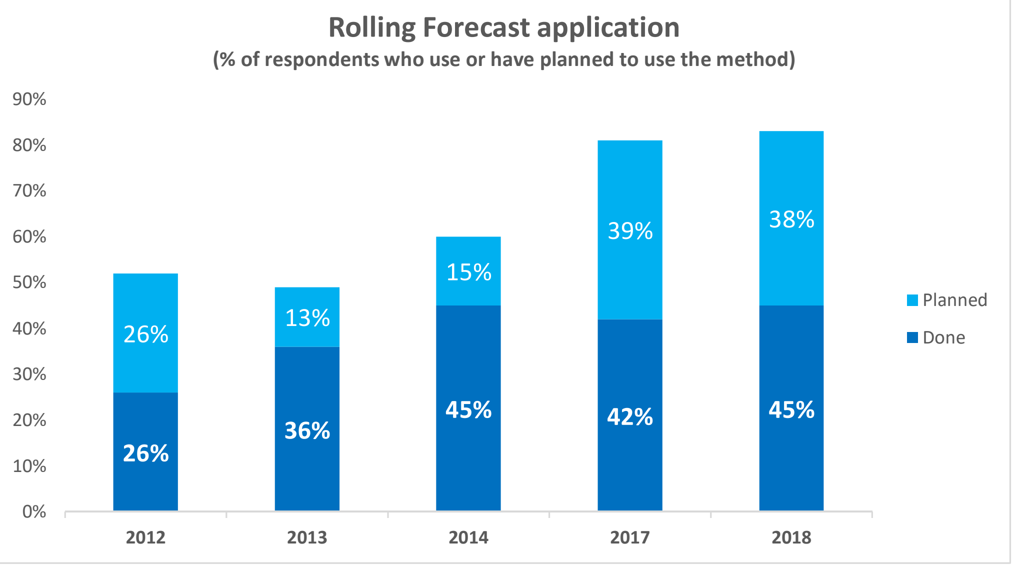


The performance managers are open-minded and curious : 36% opt for zero-based budget, 42% for « beyond budgeting » and even 31% talk of dropping the budget (o/w 15% effectively did it).

« The implementation of a true rolling forecast process in my company aims at mobilising the operational teams and enabling the performance managers to gain a better outlook of the business »

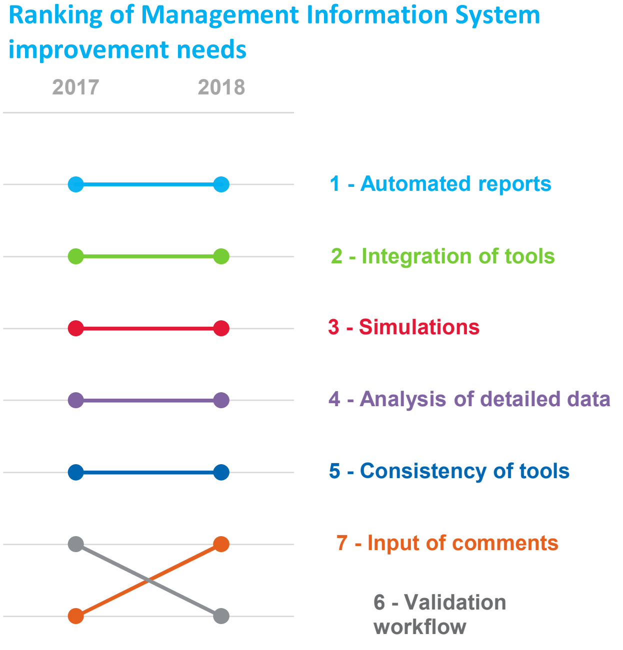
Isabelle Hanus Hulin - Head of Finance Control - Elior – France

For a few years, the Rolling Forecast process appear to be the best solution identified by professionals to improve the forecasting ability of their organisation, but the implementation speed is not so high (year after year, a stable 45% have implemented it).



Management Information Systems

The performance managers have a clear view on their requirement as regards MIS. The first priority, which is stable over time, is to have more automated reports and more integrated IT. This reveals that the goals are a better productivity in Controlling and a more reliable set of information. Subsequent priorities are the capacity to perform simulations (“what if”, “what is B plan?” etc.) and the capacity to better drill down topics and complex data. Software providers for BI solutions have well understood the appetite of financial people for such functionalities and hopefully they are to stick to their words!

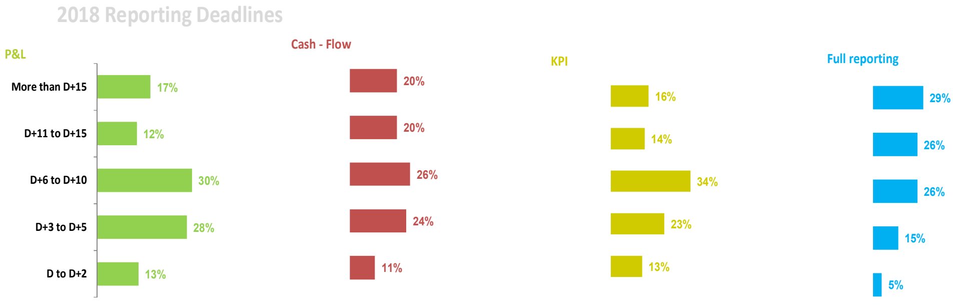


"Time is money!"

Release times of the results are a classic matter for surveys on financial processes, and to a certain extent the gauge of a certain mature achievement. What's up in 2018? There is a tangible improvement when you consider the short time-span i.e. up to D**+2** : 13% of the respondents in 2018 vs 5% in 2017 are in a position to release their monthly financial statements at D+2 ; as for cash-flows statement, from 6 to 11%, and as for key performance indicators from 11 to 13%. Immaterial evolution is to be highlighted on the other segments of time-span. To summarize, the most advanced companies have improved once more, and the others report little change. There still work to do among certain financial teams!

There's no time to lose!

17% of the responding companies release their P&L account beyond D+15 (i.e. 3 calendar weeks). Generally speaking, provided you've got a good ERP tool, and if your managerial culture is decision-oriented, it is possible to cut the release times to less than a week.



« Large groups generally run management tools which are end-to-end integrated and complete (financial, operational, business KPIs), and can release almost real-time data. There is still place for improvement as regards bringing visual data that can be more easily interpreted by managers and operational teams. »

Hervé Langer - CFO and Head of Finance Control – France

SOCIAL MANAGEMENT CONTROL

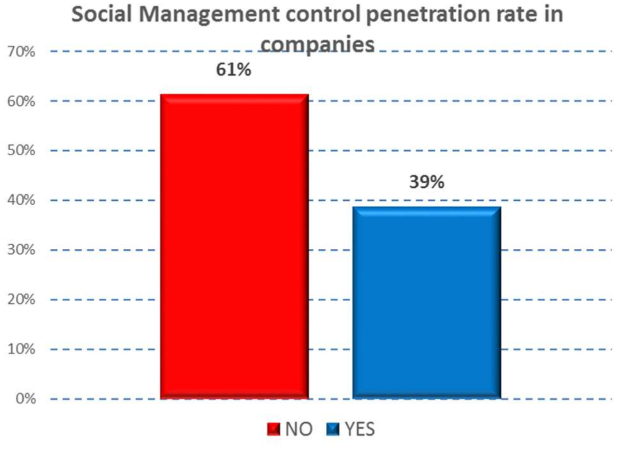
The rate of penetration of Social Management Control in France ? : 39%

The majority of the social management controllers are attached to the Human Resources Department: 61% in France – 49% Internationally

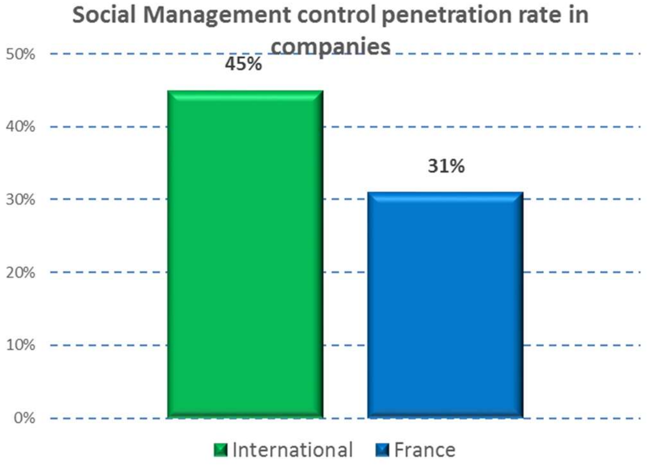
The Social Management Control Facilitator of collaboration Finance Director (CFO) and Human Resources Director (HRD)

63% of Social Management Control Projects created by the General Management with a true collaborative work challenge for the CFO and the HRD

RATE OF PENETRATION OF THE SOCIAL MANAGEMENT CONTROL IN FRANCE AND GLOBALLY: 39%



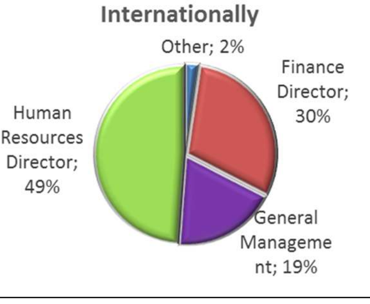
Halfway between finance and human resources, the function of social management control is to gather, analyze and synthesize the information and social data of the company that must allow the latter to optimize its financial costs and measure the performance of its human resources policy



Our survey reveals that in fact the function is still emerging in France and internationally: 39% of the companies surveyed would have a social management control function with an international development advantage: 45%, against 31% in France.

The social management control would thus gradually been deployed in medium and large companies, due to the increased priority of the management to put under control the social data of the company (wages, workforce, performance) and to better understand the changes that are taking place in terms of employees' relationships with work and new ways of organizing and motivating men.

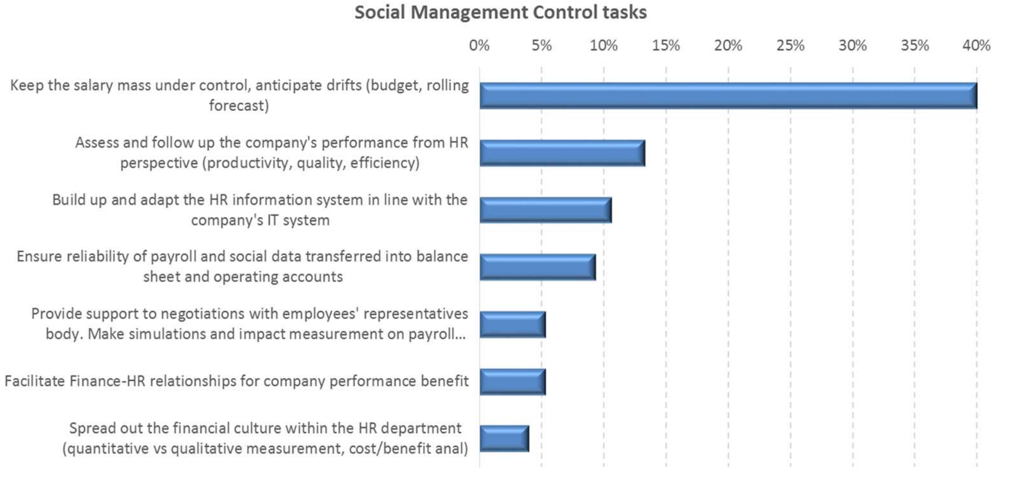
MAJORITY ATTACHMENT TO HRD: 61% IN FRANCE - 49% INTERNATIONALLY



In France, as well as internationally, our survey reveals that social data management is becoming more and more under the responsibility of HR department: 61% in France and 49% internationally.

Over the last ten years, with the professionalization Social Management Control, particularly with the appearance of dedicated modules or programs in Finance and HR Masters, the HRD would gradually take the lead against the CFO. Nothing more logical in a context where the HRD is more and more challenged on its ability to produce quantifiable results for the company, to reflect ROI, especially in France, to produce social data on behalf of Representative bodies of the personnel.

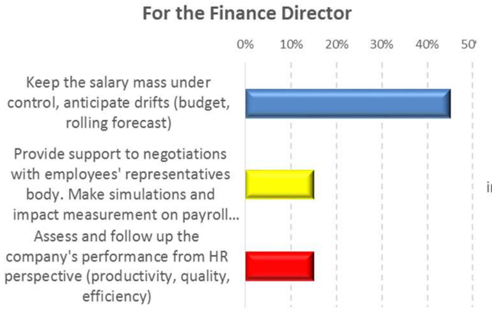
63% OF SOCIAL CONTROL PROJECTS CREATED BY THE DG WITH A TRUE COLLABORATIVE WORK CHALLENGE FOR CFO AND HRD

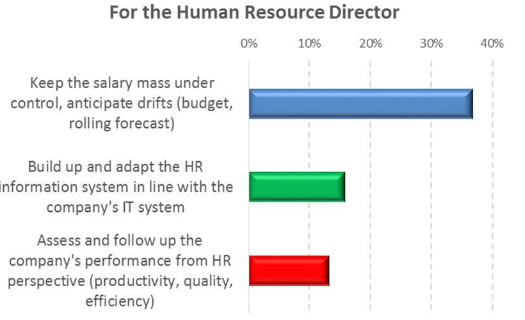


Controlling personnel expenses is crucial for companies as they represent between 20% and 70% of the OPEX. . It also reveals the importance of putting tools in place to track the performance of the company in its HR dimension.

The development of social management control projects is accelerating to follow quantitative HR indicators (productivity, absenteeism ...) as well as qualitative ones (annual interview, QVT ...).

TOP 3 SOCIAL MANAGEMENT CONTROL PRIORITIES FOR THE CFO & HRD:



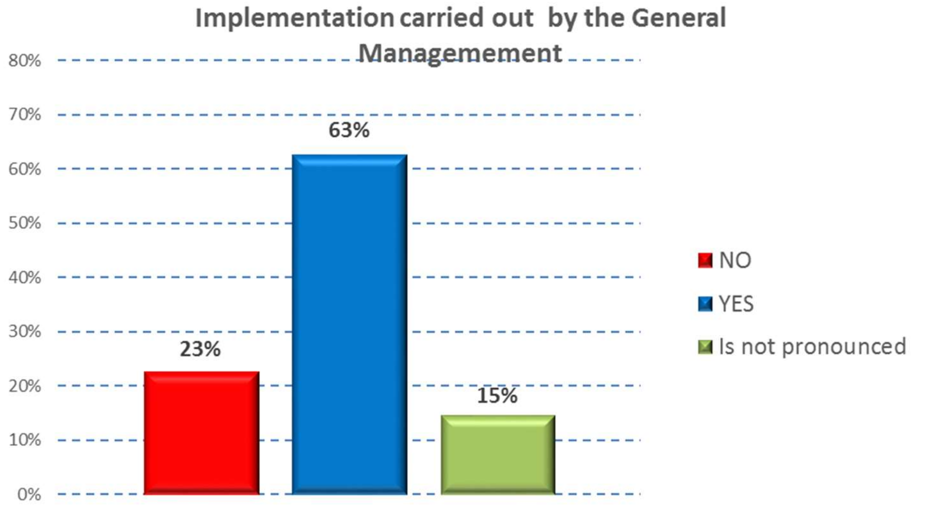


We are seeing a consensus to control the payroll and HR performance monitoring for the CFO & HRD regardless of the country or the sector of activity.

The HRD's second priority is the development of the social management control (a real added value e.g. for the mandatory annual negotiations simulations. The HR function is generally less well-equipped than the finance function in terms of analytics tools. This is made all the more difficult by the legal and regulatory environment and the need to manage several collective agreements. In addition, the operational staff has a real-time need for HR indicators which is becoming increasingly important, reinforcing the priority for the HRD to equip a social management control

On the CFO side, the second priority is to guarantee the reliability of payroll and social data, thereby ensuring his role as guardian of the temple in terms of securing economic data in the company's accounts.

THE SOCIAL MANAGEMENT CONTROL FACILITATES THE COLLABORATION BETWEEN THE CFO & THE HRD



In an increasingly competitive economic environment, 63% of the General Management carries the project for the implementation of a structured social management control, in the service of the operational staff, in close collaboration with the CFO & DRH.

The project to create a social management control function is carried out by the General Management in two thirds of the cases, regardless of the sector of activity. If the generating event is other than the control of the workforce and the payroll (see table above of the social management control tasks), the initiative, the decision as well as the positioning of the function belong to the CFO or the HRD in consultation, and the General Management intervenes only by arbitration. In all cases, a HRD-CFO collaboration is necessary.

In hindsight, the stakeholders (General Management / HRD / CFO) recognize in 75% of cases the merits of the creation of the position and consider social management control as a function in itself. The importance of the position is considered relatively stronger in larger companies.

Social management control is becoming a profession in its own right and is increasingly recognized. Social management control is the privileged partner of the collaboration between CFO and HRD : a transmission belt on many subjects. It is at the crossroads between strong expectations of the CFO marked in particular by the quest for accurate and reliable staffing and payroll forecasts and the increasing expectations of HRD in terms of measurement of effectiveness of HR policies.

DIGITALISATION AND PERFORMANCE MANAGEMENT

The majority of the respondents expects digitalisation to support decision making.

Big Data, robotisation and artifical intelligence take over collaboration tools.

Big Data enables better performance management for 81% of the respondants.

For 88% of the respondants, the Finance function must be involved in data governance.

34 % are planning the implementation of a RPA (robotisation) tool within the next 3 years.

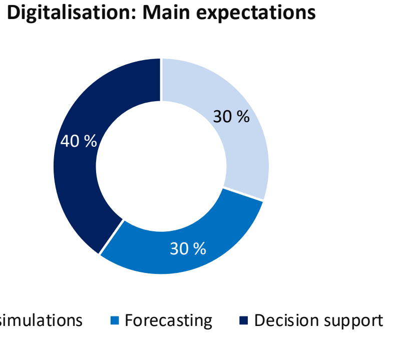
28 % are planning to implement Artificial Intelligence to support forecasting.

INTRODUCTION

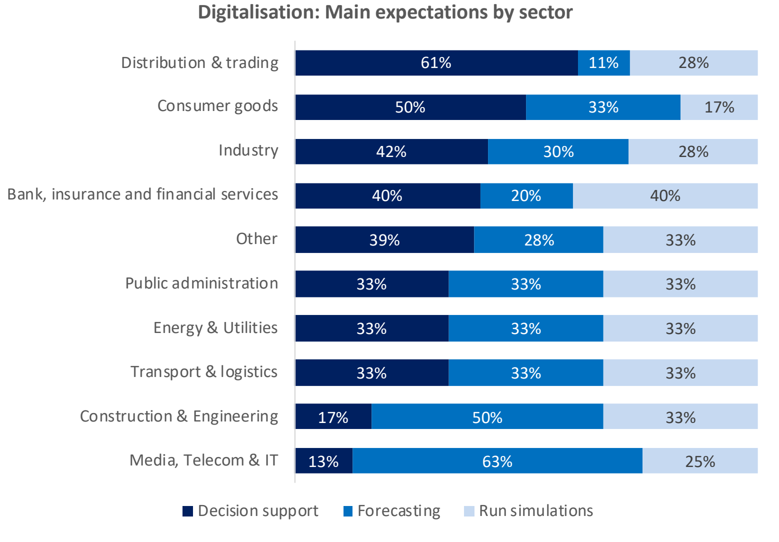
The performance manager is a key contributor to the continuous improvement of a company's productivity. How can digitalisation support performance management ? The 2018 survey asked four questions : what are the main expectations of the performance managers towards digitalisation ? What tools are they implementing to help them in their work ? How is Big Data important for performance management ? And what are the priorities for data to effectively support performance management ? We shall see that, if differences exist between sectors or according to company sizes, the importance of implementing the right capabilities (processes, tools, methods) to successfully leverage data is widely acknowledged.

DECISION MAKING SUPPORT COMES FIRST

The 2018 survey proposes three use cases for digitalisation: running simulations, forecasting, and supporting decision making. The majority of the respondents (40%) sees decision making support as the most important use case.

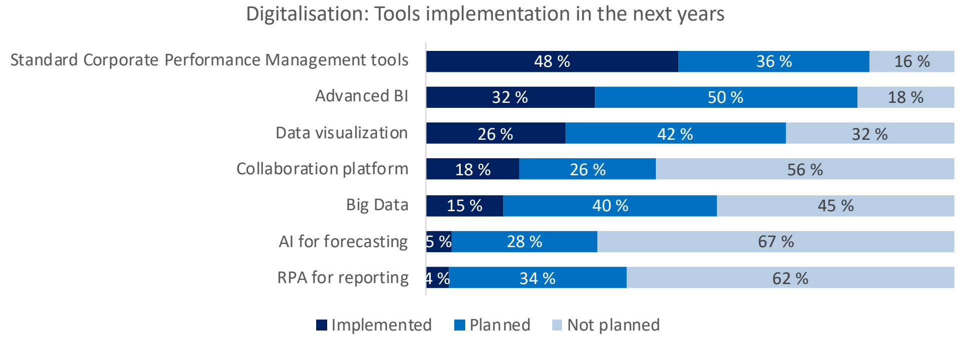


This being said there are differences between sectors. Decision support comes first in the distribution (61%), consumer goods (50%) and industry (42%) sectors. Forecasting comes first in the Media, Telecom & IT (63%) and Engineering & Construction (50%) sectors. Running simulations seldom comes first in the responses. It may be because the performance manager is used to modelling scenarios using traditional tools such as Excel so that his or her expectations towards digitalisation are with use cases where statistical algorithms applied to large volumes of data enable to radically transform the accuracy of previsions, predictions and the usefulness of the recommendations.



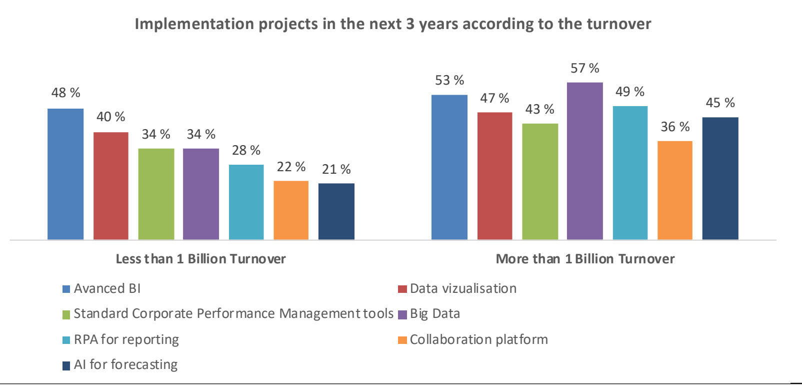
BIG DATA, ROBOTISATION AND ARTIFICIAL INTELLIGENCE TAKE OVER COLLABORATION TOOLS

Digital tools whose usefulness has long been proven are the ones which are the most widely implemented, such as standard corporate performance management tools (48%) and advanced BI tools (32%). The latter ones are those which have the largest number of planned deployments (50%). Big Data continues to progress : 15% have a Big Data tool in place vs 10% in 2017 and 5% in 2016.



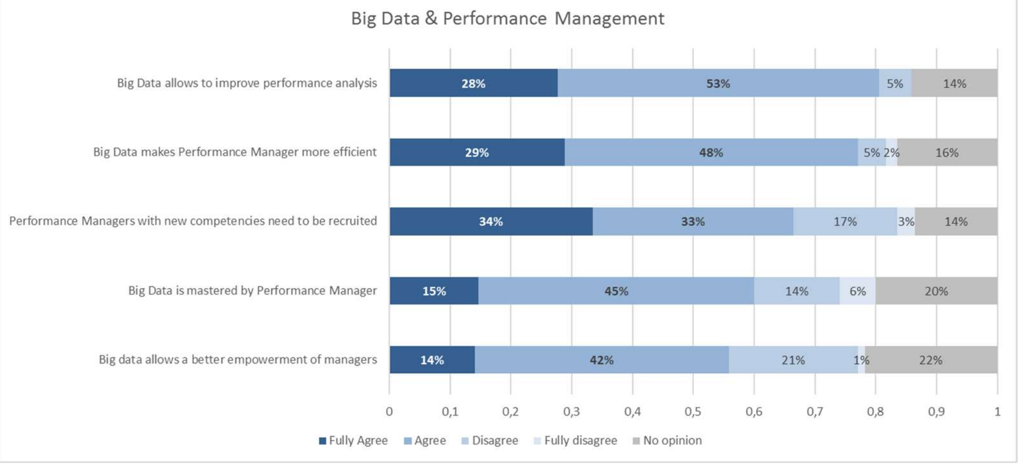
Certain low value-adding reporting tasks can be repetitive and standardized. This may be why **34% of the respondents are planning to implement Robotic Process Automation tools for the reporting in the next three years**. And **28% are planning to implement an Artificial Intelligence solution to support forecasting**. By comparison, only 26% are planning to deploy collaborative platforms vs 30% in 2017 and 39% in 2016, while the proportion of respondants with collaboration tools already in place is stable.

There are differences according to the size of the companies. For companies with a turnover less than one billion, corporate performance management, advanced BI and data visualization are the priorities in terms of planned deployments. One hypothesis is that these companies may be subject to higher IT budget constraints and need to start with the most essential performance management capabilities before adding other functionalities.



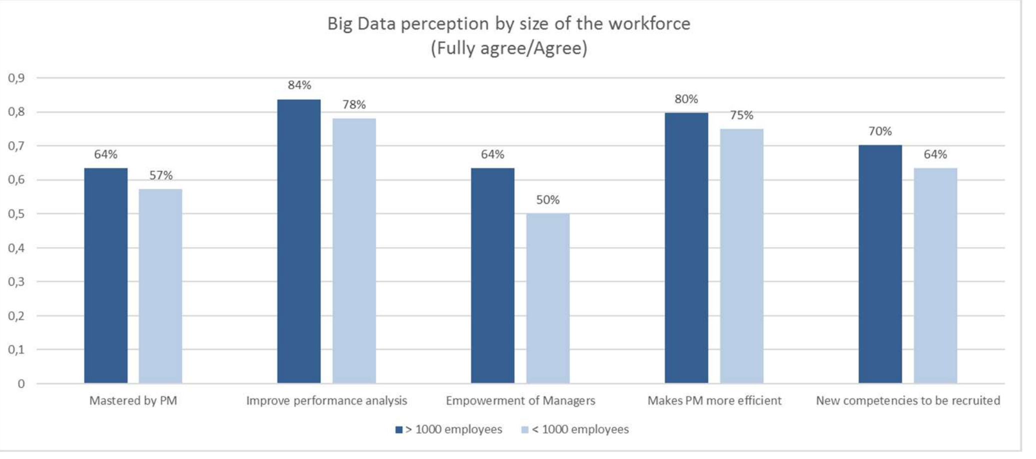
COMPANIES ARE CHAMPIONING BIG DATA FOR PERFORMANCE MANAGEMENT

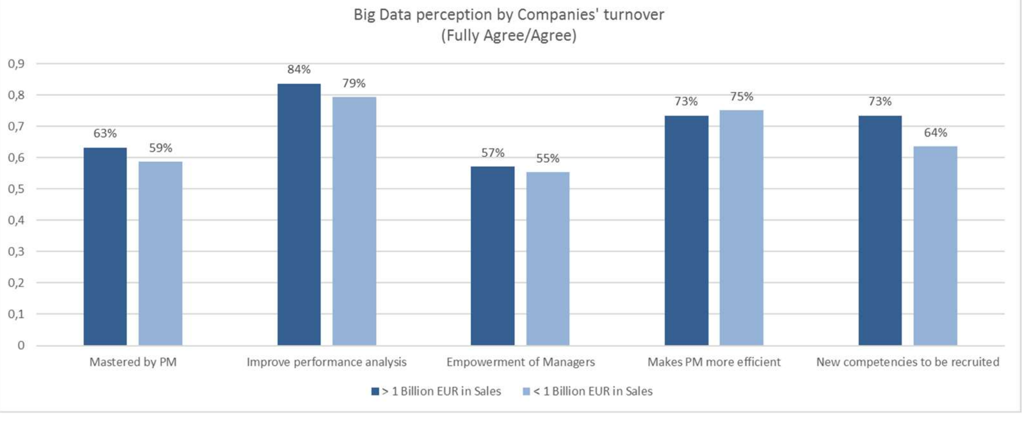
The impact of the Big Data surge on performance management is rated as key by the interviewees: 81% of the responding companies anticipate improved performance analysis capabilities while 77% of them view Big Data as strengthening the efficiency of the performance manager. 2/3 of the respondents do think it will require a significant recruitment effort for new competencies and talents. However, the performance manager is not primarily considered as the function acquiring these new competencies: 20% of the financial managers in the sample are not convinced and 20% don't even have an opinion. Similarly, we observed opposite views when it comes to assessing Big Data's impact on manager empowerment.



Large companies with a turnover greater than 1 billion euros and with a workforce greater than 1000 employees are differentiating themselves from the rest of the sample by anticipating improved performance analysis, a strong need for new compentencies and a central role to be carried out by the performance manager in implementating Big Data solutions. Small and medium-sized companies (<1000 employees) seem to be more cautious in assessing the impact of Big Data on performance management : it is in their segment that we observe the highest "non opinion" response rate, between 22% and 31% for all five questions on Big Data.

It could be that these companies neither finalized their thought process regarding their own organizational capabilities nor identified the functions which could play a central role in mobilizing data for performance management, therefore taking more a wait-and-see attitude at the moment.





Looking at the different perceptions of Big Data, companies from the “banking, insurance and financial services”, “construction and engineering”, “transport and logistics” and “retail” sectors set themselves apart by their high level of expectations in performance analysis, in recruitement of new competencies and in the involvment of the performance manager. On the opposite, companies from the “energy”, “water and environment”, “consumer goods”, “media, telecom and software” sectors seem to be more prudent regarding these latter aspects.

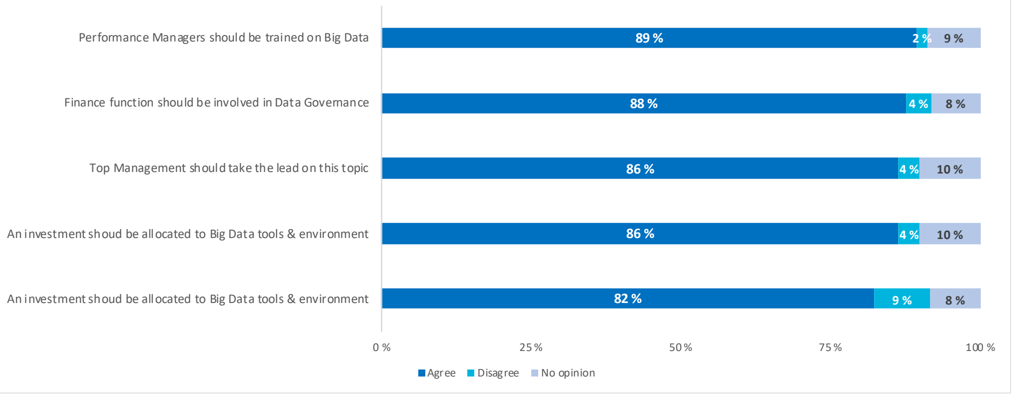
It would appear that sectors having high expectations towards Big Data (increased analytics capabilities, increased efficiency gains) are also the ones identifying a strong need for new competencies and anticipating an increased empowerment of their managers.

In this sub-group, companies active in the “banking, insurance and financial services”, “construction and engineering” and “retail” sectors are represented the most; generally their activities are generating an important data flow.

FINANCIAL MANAGEMENT MUST PARTICIPATE TO CORPORATE DATA GOVERNANCE

The effective use of data in the area of performance management requires an effort on several fronts. A large majority of respondents agree with all the priorities proposed by the questionnaire. Even though the training of the performance manager is considered as the main priority, we note that it is followed by the need for the Financial Department to take part in the governance of the company's data: clearly, without quality and comprehensive data, investing in tools or in skills development may appear inefficient.

In a context where several departments can contribute to the governance and data management, it appears essential that the Finance Department, as it is becoming a key user of these data, be closely involved. This finding may point to an increased need for collaboration, or even integration, between the Finance and the IT departments.

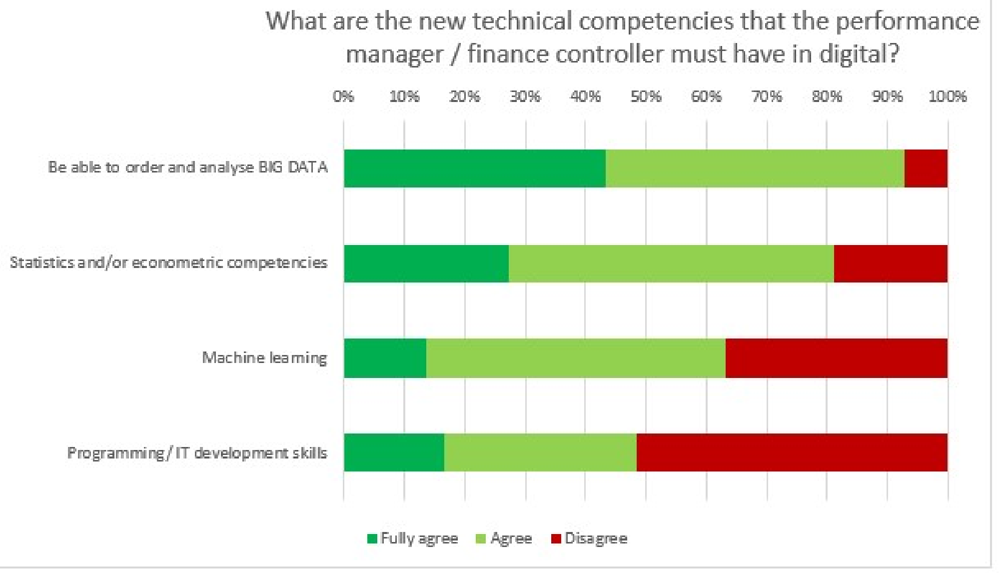


Soft skills development will be a key succes factor

Controlling managers will work more and more like data scientists

A NEED FOR ANALYSIS THAT KEEP INCREASING

The rise of the predictive analytics



WILL THE FUTURE PERFORMANCE MANAGER BE A DATA SCIENTIST?

With the growth of available data, above 90% of the respondents consider skills in Big data as a key competence for the future performance manager. Logically, 80% also see skills in statistics and econometrics as necessary to treat and analyze data.

Though it seems there is a correlation with the company size (turn over, number of employees), this finding is widely shared among all industries. Only the youngest respondents are more attracted by those competences (97% vs 90% in average)

HOWEVER THE FUTURE PERFORMANCE MANAGER WON'T BE A COMPUTER SCIENTIST

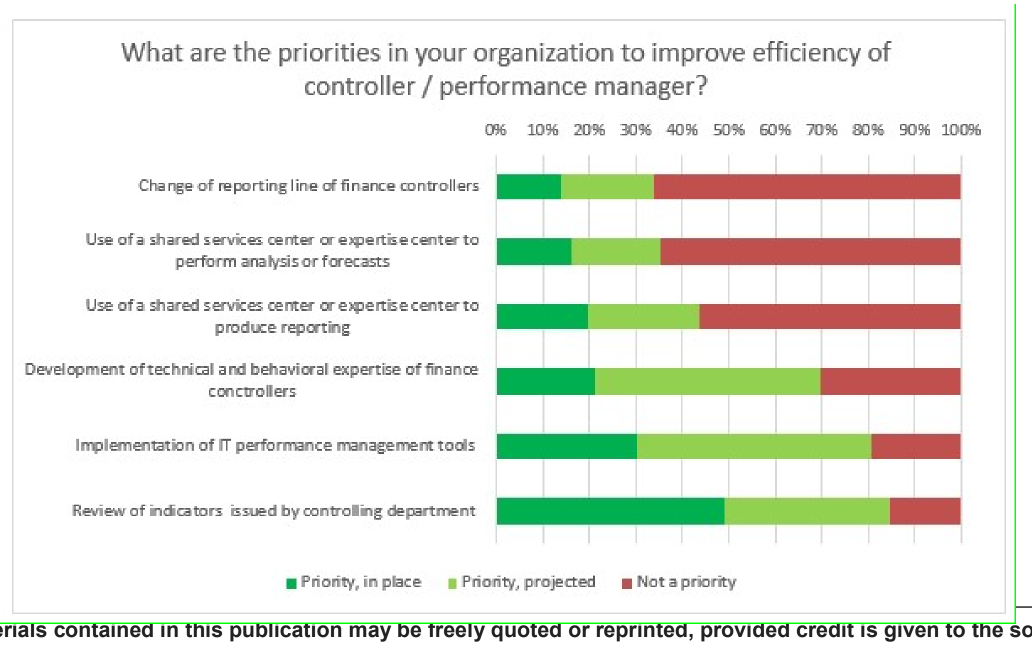
Nearly 50% consider programming and artificial intelligence as out of the scope of expected skills. Those very specific and technical skills will be more dedicated to the computer scientist.

However, we notice a strong correlation between company size and expected IT competences from performance managers: smaller companies don't necessary have a dedicated IT department, so they expect more polyvalence. 69% for companies with less than 100 employees vs 38% for biggest ones.

Once again, the young respondents are more attracted to programming: 67% vs 40% on the average.

94% ARE EXPECTING SOFT SKILL DEVELOPMENT

The role of the performance manager is changing. The respondents agree that the performance manager will be more and more important in the organization of a company, so it is only natural that human quality relationship and pedagogical competences are expected. The time when the performance manager was alone behind this screen is over, now he must be directly in contact with operations and decision makers.



60% DON'T BELIEVE IN SHARED SERVICE CENTERS TO INCREASE EFFICIENCY

As mentioned above, the performance manager should be anchored within organizations. This is why more than 60% of the panel does not believe in the use of shared service centers to increase its effectiveness. They are 66% not to believe either that it is necessary to review the hierarchical connection to boost its efficiency.

THE BASICS:

The production of KPI is more than ever a need that must continue, and which affects the efficiency of the performance manager: selecting the key indicators remains a priority for the management of the company, eliminating and periodically cleaning up useless indicators becomes a major purpose for all organizations, whatever the size of the structure or the geographic location.

IN THE NEXT YEARS, THE PRIORITY WILL BE ON INFORMATION SYSTEMS & ON THE DEVELOPMENT OF TECHNICAL AND BEHAVIORAL EXPERTISE

Organizations wish to abolish the waste of time in the manual production of reports. Therefore, it is necessary to set up steering information systems that produce information efficiently, reliably and quickly, in order to let the performance manager focus on more value-added analysis.

On the other hand, we will expect more technical expertise from him. We are in line with the priority that organizations want to give, which is the development of technical and behavioral expertise. Closely linked with the ramping up of the systems and as this study demonstrates, it is hoped that these last missions will be accomplished by the Information System. Here again, the wish is to let the performance manager focus on much more important tasks.

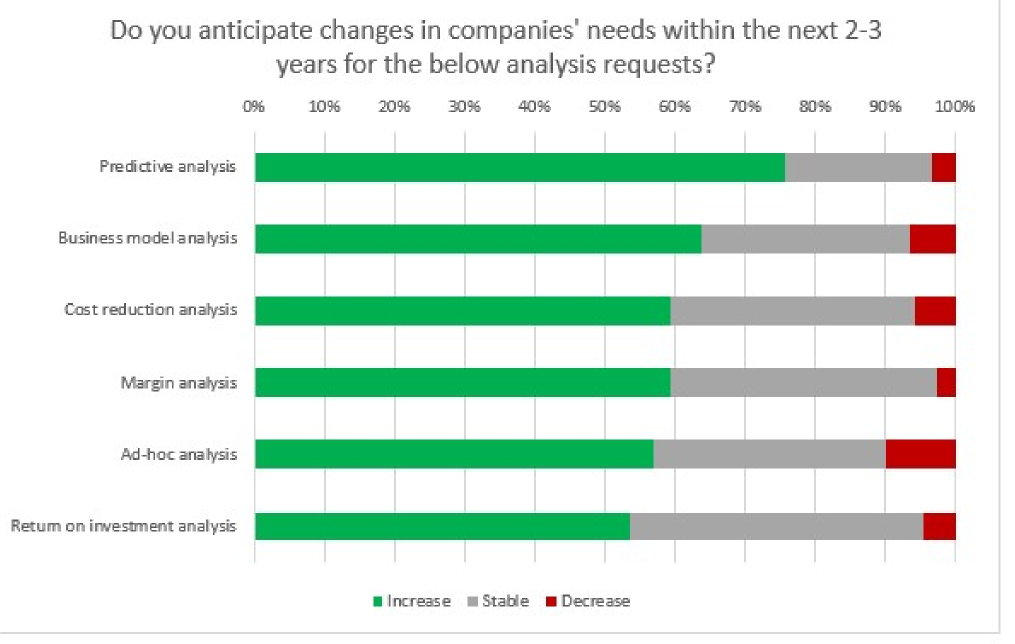
"ALWAYS AND EVEN MORE ANALYSIS":

This trend is true regardless of the size of the company, whether the company is Anglo-Saxon or from Western Europe. This vision is shared equally by management controllers regardless of their seniority. We have 2 caveats to this common vision of analysis needs :

- Respondents younger than 40 years of age do not believe in the growing need for ad hoc analysis. We have already found that juniors believed in the need to develop their programming skills. Should we conclude that juniors have a vision of the evolution of standardized analysis needs because of better controlled programming tools ?
- The need for ROI analysis is stronger among Anglo-Saxons.

A STILL INCREASING NEED FOR ANALYSIS

The increase in requests for analyzes continues, the trend is even more marked than last year.



76% OF THE RESPONDENTS ARE EXPECTING AN INCREASE OF PREDICTIVE ANALYTICS IN THE COMING YEARS

Predictive analysis is leading companies need: 76% of the respondents are expecting a rise of predictive analysis in the future. Now recurring for 3 years, this trend was very strong in large companies last year. It is now concerning all types of companies, regardless of their size and sector.

WOULD THE ADDED VALUE OF THE CONTROLLER BE MIGRATING FROM A "COST ANALYZER" TO A PREDICTIVE MODEL CREATOR?

The current trend in the creation of predictive models is based on "big data" and the use of statistical models. These 2 qualities have already been highlighted in the previous questions.

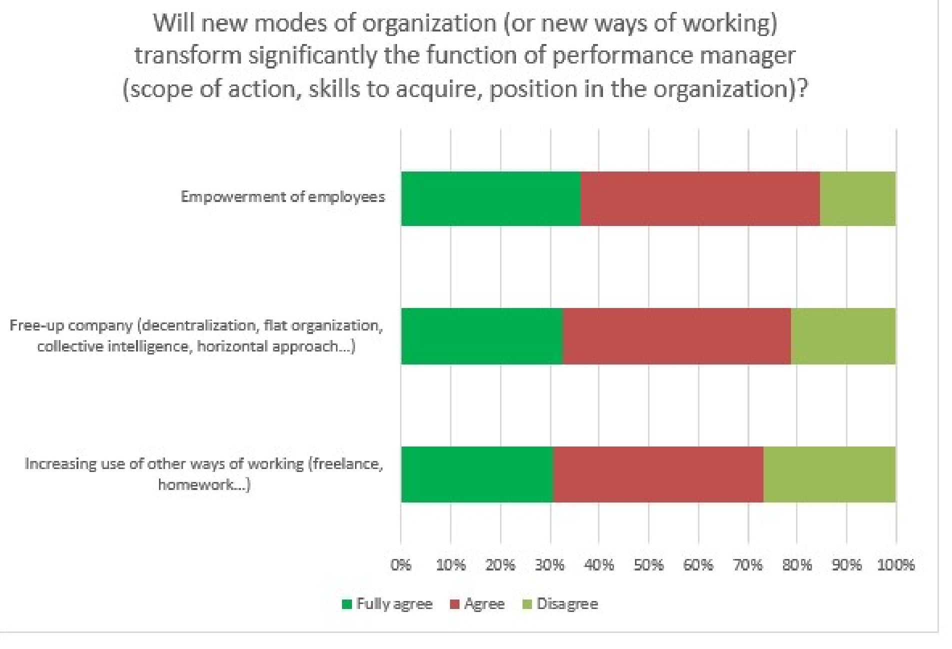
Companies exceeding more than 250 million euros in revenue show a growing need for business model analysis (71% of respondents expect it to increase) and return on investment computation for 56% of respondents (compared to 45% of last year).

Respondents also mainly anticipate an increase in cost analysis and ad-hoc analysis.

The development of the analyzes is undoubtedly the first step necessary for the transformation identified last year from the management controller function to the "Performance manager".

THE COMPANY'S TRANSFORMATION AND THE EVOLUTION OF THE PERFORMANCE MANAGER

The company is evolving, driven in particular by the development of digital tools, the international dimension of all markets, but also by way of functioning of Millenials and generations Z employees... It must adapt its organization, which will participate in the transformation of the performance manager function (scope of intervention, skills to be acquired, position of the function in the organization).



80% OF THE PANEL AGREES WITH THE FACT THAT THE PERFORMANCE MANAGER WILL NEED TO ADAPT TO NEW MODES OF MANAGEMENT

A company organization which is more decentralized, with a flat management, a horizontal and more collective approach should have consequences on the function of performance management; this is the opinion of 80% of the respondents. The largest companies (>25000 employees) seem to forecast less impact of this evolution compared to smallest entities, these entities being probably more agile and able to react to evolutions faster.

NEW WAYS OF WORKING WILL IMPACT THE FUNCTION OF PERFORMANCE MANAGER

The development of freelance work and homework seem to impact the performance management function. 76% of the respondents of companies over 250 million euros turnover are convinced about this. It is not surprising that this trend affects more the large companies. The widespread usage of the Internet provides the condition of possibility for this flexibility of the working conditions, which have even now become an argument for large companies to attract talents, without imposing geographic mobility that can be a constraint for candidates. The development of cloud-based and digital tools should lead to increase these new ways of working.

83% of the respondents also estimate that the dynamics of empowerment of employees, a direct consequence of a decentralized and more collaborative organization, will have an impact on the function; and this trend is even stronger in companies over 1 billion euros turnover.

The question remains whether it is the company’s organization that impacts the function of performance management, or if it is evolution of mentalities of the Y and Z generations (generations open to change, willing to take on responsibilities, with an entrepreneurial spirit) which are the roots of changes in a company’s organization.