

Less means more, due to IBCS® Standards

5 questions to Dr. Jürgen Faisst, Managing Partner of HICHERT+FAISST IBCS Institute

Q1

Business and finance analytics departments produce many reports. Every author is using his/her own ideas for presentation of management information, such as graphs, tables, etc. Each of these authors will probably defend such personal solutions, based on habits, and we say that *habit is the second nature*. Why do you think that unified standards for management information should be used? Isn't it sometimes too much interference to these "habits" in creating reports and presentations?

Jürgen: The main reason why we think that a unified standard for the visual display of management information would help understand report, presentations and dashboards, is the activation of pattern recognition. In contrast to other disciplines like engineering or music, the designers of management information rarely benefit from pattern recognition. Pattern recognition only works, if things that mean the same consistently look the same. You can call this 'habits' and this is actually what we are striving for. If, however, every single person has his or her own habits, then pattern recognition only works within the work of this single person. It's just as Mozart would have used a consistent notation whereas Beethoven would have used a different one. Unimaginable in music notation and something we have to overcome in report notation.

Q2

In our magazine we regularly present examples¹ of reporting solutions using IBCS® standards. These are certainly interesting proposals. How can you convince the creators of reports and their audience to assimilate and apply such proposals?

Jürgen: I would focus on the audiences because at the end of the day it's them deciding on how they wish to get their reports. From our experience there is only one way convincing them: Make-over some existing examples and let them decide which one is easier for them to understand. If you make a good job in transferring an original report to an IBCS compliant one, they will immediately see the benefit. They are clever people after all. And if you have the choice: The higher in the hierarchy the person the easier it is to convince him or her and the better it is for getting the job done.

Q3

We observe high speed of development of information technologies. Vendors offer many different solutions to support budgeting, controlling and management reporting. What is your

¹ Read about IBCS® in such articles as i.e. P. Biliński Less Means More, *Controlling i Zarządzanie* 5(37)/2020 r., E. Szarska Table or Chart? *Controlling i Zarządzanie* 1(27)/2019

opinion about the IT offer in terms of reporting. Is it possible to use IBCS® Standards in the worldwide offered IT tools?

Jürgen: The ultimate goal of IBCS is to get the same look of reports from all analytic software applications. This is exactly what we have in CAD software for engineers or architects and in music notation software. The reason why we don't have it yet is that so far there has not been any kind of generally accepted report notation that all software vendors could implement. This situation has changed with IBCS: Now we have at least one concept for a consistent notation and we see more and more acceptance of it every day. So no excuses for software vendors any more. They should implement it. Some of the big vendors already did it, e.g. SAP with its Analytics Cloud. Others are still waiting and watch smaller vendors creating Add-Ins for the technologies of the big ones. Today there are multiple IBCS Add-Ins for Microsoft Excel, Microsoft Power BI, SAP Lumira, Tableau, QlikView and Qlik Sense. So you can actually implement IBCS in almost any BI software stack today. One of these smaller IBCS compliant software shops (Hi-Chart) has just been acquired by CP Corporate Planning, vendor of a platform for analytic applications such as planning, reporting and legal consolidation. I would not be too surprised if there are more acquisitions to come.

Q4

Could you share with us your experience in the implementation and successful usage of IBCS Standards in enterprises?

Jürgen: We see two different approaches for the implementation of IBCS in an organization: The top-down approach and the bottom-up approach. When talking about the implementation of a standard, the top-down approach is definitely the more successful approach. We have seen big companies starting from multiple angles of their organization with training and implementing IBCS. They still suffer from a plethora of different report designs in all the other angles. And we have also seen multi-national conglomerates where they first created awareness on all levels of the FP&A organization including the CFO and then started a joint initiative in managing the change. As far as we know all organizations implementing IBCS this top-down way are happy users of a consistent reporting today.

The main question is when to start such a top-down initiative. We strongly recommend to start it in a situation when you anyway think of changing your reports: Because you replace your BI technology, because your control strategy changes from decentral to central, because you've got a new CEO or CFO with new ideas on how to measure the performance of your organization, because you've been merged with another organization, etc. This way you do not have to argue and spend extra budget on IBCS but you save money when creating new reports using a free and open concept.

Q5

Less means more. So when to use table and when the chart?

Well, this depends on the purpose of the report. If you really report a message, explain the cause of something you have detected in the numbers or even suggest next steps, then you

have to use charts. The charts are here to visually support the message you convey. This is much more convincing than providing tables with numbers only.

If in contrary your audience expects a collection of uncommented data which they want to analyse themselves (self-service BI), then both high-density charts such as small-multiples and tables can serve the purpose. If you go for tables, I would strongly recommend to also include some visual elements such as variance bars (today fortunately available even in plain Excel). These visual elements help directing the view of the reader to the most interesting facts instead of just reading all figures from the upper left to the lower right corner.

Dr. Jürgen Faisst talked to Roman Kotapski, Publisher of Controlling and Management magazine

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