

## Editorial

Dear readers,

Internet of things, customer loyalty programs, and fitness trackers – generating and exploiting data seem to be part of all of our everyday life. Please read in our section „Focus on” how big data may impact Finance and Accounting.

Have you ever collaborated with a person regularly overestimating himself? The over-estimator is the next character in our series of difficult project team members. Please read in section „Project Hiccup” how a Project Manager may provide for smooth day-to-day running of the project when having staff with such personality in his project team.

We welcome your feedback. Please contact



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## Focus on: Big Data – Recent Trend for Financial Reporting?

Big data is the new buzzword commonly used in many industries. For sure, data are important inputs – but are big data actually relevant for Finance and Accounting?

### Accounting Data = Big Data?

Big data comprise bulk data that are not saved due to their volume as well as their variety and the velocity in which data are occurring. Typical areas of application are data of traffic volume that are directly entered into traffic control systems, or quantities of electricity consumed on which the control of power plant outputs is based. Processing of big data is using statistical methods.

In organisations, Finance and Accounting is the collection point of various data. Such data may occur in big volumes and are often processed applying statistical methods. Accounting data, however, are regularly stored for a long-term period. In particular the last-mentioned characteristic precludes a classification of accounting data as big data.

### Big Data in Finance and Accounting

Nevertheless, big data are actually relevant for Finance and Accounting. Big data may complement accounting or controlling data for analysis and reporting purposes. Such complementary data may be derived from market research, social media, or sensor-based maintenance. Budgets and forecasts for specific revenue and expense

## News

### More than 50% of listed companies publish IFRS-compliant financial statements

A recent study of IFRS Foundation reports that all over the world more than 50% of listed companies publish IFRS-compliant financial statements. Another 38% apply only local GAAP. More than 50,000 companies participated in the study. Further information is available at: <http://www.ifrs.org/Features/Pages/How-many-listed-companies-use-IFRS-Standards.asp>

### IPSAS 39 guides employee benefits anew

The IPSAS Board published IPSAS 39 "Employee Benefits" on 28 July 2016. IPSAS 39 will replace IPSAS 25 by 1 January 2018 at the latest. The most important changes are the abolition of the corridor approach as well as implementation of net interest approach for defined benefit plans. IPSAS 39 provides for harmonisation with IAS 19 (2011). Further information is available at: <http://www.ifac.org/news-events/2016-07/ipsas-publishes-ipsas-39-employee-benefits>

classes may be prepared more precisely when taking into account big data.

In addition, many major ERP systems are ready for handling of big data already now. Hence, continuous exploitation and analysis of accounting entries is facilitated. Such analysis may comprise real-time checks for fraud as well as on-going internal or external audits.

Big data methods feature the processing of large volumes of data. Controlling staff or financial reporting staff confidently master such methods of processing, analysing and consolidating and presenting large amounts of data. They do this in a way that both analytical results effectively support strategic and operational decision-making processes and integrity of data and reports is respected.

Besides these technical aspects, using big data raises questions of recognition and measurement: Do big data meet the criteria for recognition of an asset? How should such an asset be measured?

### Future Requirements

Scope of financial reporting will be complemented more and more by non-financial data in the future. Trends like integrated reporting demand the publication of information about sustainability of the reporting entity already today. Such information is very often not available in accounting, and has to be derived from other sources instead. Exploiting big data may generate such required complementary information. Finance and Accounting may play a crucial strategic role in

safeguarding data quality and integrity for all over the organisation.

Finally a reading tip for you: ACCA (Association of Certified Accountants) and IMA (Institute of Management Accountants) prepared an interesting report on big data in financial reporting that is worth reading. The report is available at: [www.accaglobal.com/bigdata](http://www.accaglobal.com/bigdata).

## Project Hiccup

### The Over-Estimator

A team member who is often overestimating himself is not only difficult but also downright feared by Project Managers. Two types of the over-estimator mostly occur: the over-engaged and the narcissistic. Both volunteer for tasks, but then fail in completing them in time and within the agreed quality levels due to misjudgement of their capacities. By such behaviour they may endanger the proper delivery of single work packages or even of the project as a whole.

### How to Manage the Over-engaged

There are few things an over-engaged is never lacking: tasks urging for completion, mails longing for replies, callback requests badly wanting execution. The over-engaged very often is an indispensable expert who is assigned to manifold projects. He also may have filled all his capacities with day-to-day operations already so that there is no spare time left for additional project work. Usually, the over-engaged is highly motivated and is eager to share his know-how with colleagues and customers. That's why he is often volunteering for additional tasks, even when working at 150% already. The difficulty in collaborating with an over-engaged is the appropriate exploitation of his expertise for the respective project despite his chronic lack of time.

Waiting for a more relaxed time schedule of the over-engaged will remain a pious hope in most of the cases. Instead, the Project Manager should employ the over-engaged as allocated expert rather than as team member. In practice, he should take care that the over-engaged is committing only for tasks if he is in a realistic position to accomplish them within the given time frame and quality at all. Otherwise, the Project Manager should ensure that the project team comprehensive-

ly prepare all those issues for which the over-engaged should provide inputs. Once the over-engaged is available, all those issues may be resolved together in a concise manner.

### How to Manage the Narcissistic

Narcissistic team members challenge the leadership qualities of the Project Manager as well – though differently. The working style of a narcissistic is coined by his attitude of “splendid isolation”. Agreements with others? Scrutinising own results? Reporting identified issues to the Team Manager? – All “nil” notifications.

The narcissist causes problems not only because of weak communication. Often he also underestimates the required effort and difficulty for resolving the assigned tasks; respectively he overestimates his actual expertise. Lacking enough time for thorough execution of tasks will usually not improve their quality either.

Hence, the Project Manager should ensure that all agreed due dates and quality levels are actually respected. In practice, a close management by means of mandatory interim reports as well as open discussion of results in team meetings are recommended approaches. These alone will not change anything in the attitude of the narcissist. But at least uprisings problems in meeting quality standards and due dates may be identified at an early stage and may be mitigated in time.

## Events

### Seminar “Modern administrative controlling”

4050 Consulting offers their seminar on administrative controlling again on 28 September 2016. Participants will learn about innovative and proven controlling approaches for the public sector. The methods presented are suitable for sustainable public management and an efficient allocation of resources.

Interested persons may enrol in this seminar up to 9 September 2016. The seminar will be held in German. Details are available at [www.4050consulting.com](http://www.4050consulting.com) or may be asked for at [kontakt@4050consulting.com](mailto:kontakt@4050consulting.com).

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