

Controlling as a Management Function

Lecture 9

MGM111
Principle of Management

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Lec. 9

The main points:

Controlling Definition

Importance of Controlling

Types of Control

Scope of Control

**Relationship between controlling
and other managerial functions**



Planning

Defining goals, establishing strategy, and developing plans to coordinate activities

Organizing

Determining what needs to be done, how it will be done, and who is to do it

Leading

Motivating, leading, and any other actions involved in dealing with people

Controlling

Monitoring activities to ensure that they are accomplished as planned

Lead to

Achieving the organization's stated purposes

Functions of Management

planning

organizing

leading

controlling

Control is the last function of management

Controlling as a Management Function

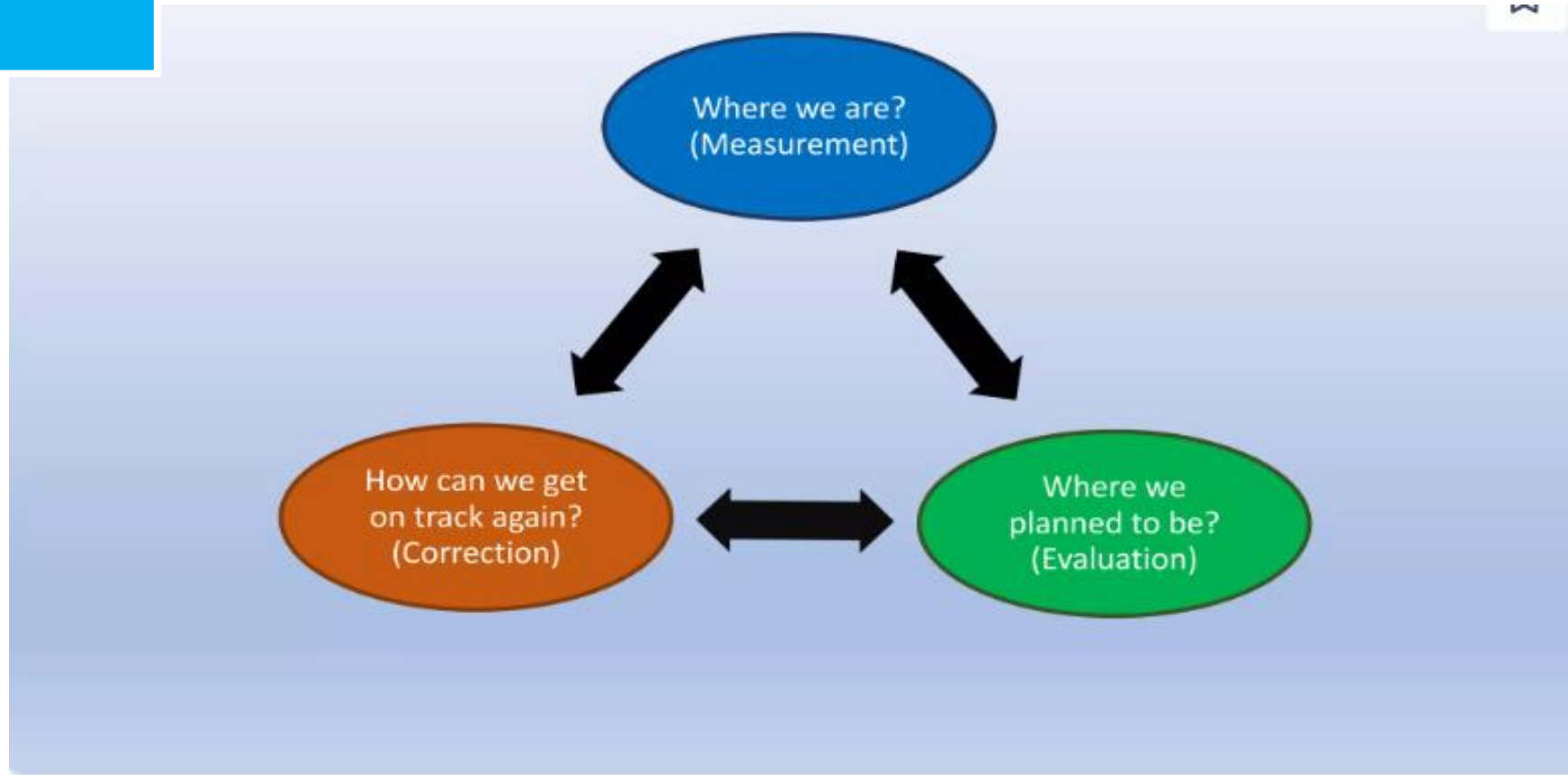
- ❑ A process of monitoring performance and taking action to ensure desired results.

It sees to it that the right things happen, in the right ways, and at the right time.

Controlling as a Management Function

It helps ensure that objectives and accomplishments are consistent with one another throughout an organization.

Controlling as a Management Function



Controlling as a Management Function

Managerial control implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans



The Importance Of Controlling

- Controlling is an important function of management. Its importance becomes apparent when we find that it is needed in all the functions of management.
- Controlling checks mistakes and tells us how new challenges can be met or faced.
- The success of the organization thus hinges on the effective controlling.



The importance of controlling becomes clear from the following facts:

- (1) Accomplishing Organizational Goals**
- (2) Judging Accuracy of Standards**
- (3) Making Efficient Use of Resources**
- (4) Improving Employee Motivation**
- (5) Ensuring Order and Discipline**
- (6) Facilitating Coordination in Action**



OBJECTIVES OF CONTROL

An effective system of control helps in achieving the following objectives:

- 1. Better performance and determining the progress of work.**
- 2. Minimize dishonest behavior.**
- 3. Detecting deviations from the planned standards.**
- 4. Investigating the causes of deviations.**
- 5. Taking corrective measures to check deviations.**
- 6. Keeping the loss due to faulty production within the minimum possible limit.**



The characteristics of control

It may be described as under:

1. Last Process: Managerial control is the last process of management because the work of control starts after planning, organization, direction, coordination and motivation.

2. Dynamic Process: Control is a dynamic process of management because in this process, necessary changes are made keeping in view the changed circumstances of enterprise.

3. Continuous Process: Control is the continuous process of management, it continues as long as the production continues in the enterprise.



The characteristics of control

It may be described as under:

4. Control on Future Events: In the process of control all the best efforts are made to check the possible losses in future. In fact, managerial control is a process of directing the activities of the enterprise for future on the basis of past experiences.

5. Based on Scientific Principles and Statistical Factors: The process of control is based upon scientific principle and statistical factors.

6. Attainment of Goals: The main object of control is to ensure the proper functioning of enterprise according to pre-determined rules, policies, procedures and programmes. It aims at the attainment of pre decided objectives of the enterprise.

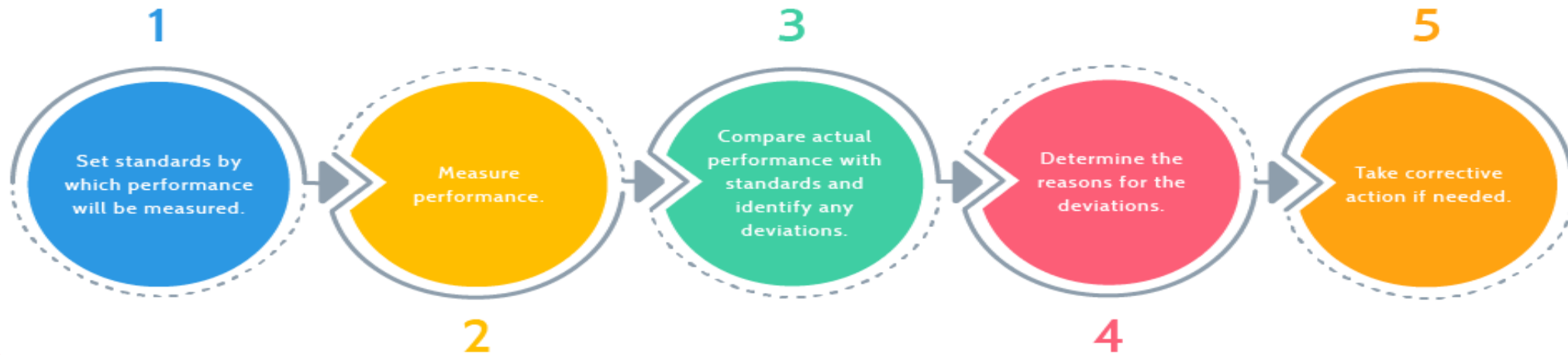


Remember

**All meaningful control techniques are, planning techniques
It is worthless to design control plans without taking in account how well
the plans are made**

The Control Process

The 5 Steps of Process Control



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The Control Process

1. Establish Objectives and Standards

- ❑ The control process begins with planning and the establishment of performance objectives.
- ❑ Performance objectives are defined and the standards for measuring them are set.

The Control Process

1. Establish Objectives and Standards

There are two types of standards

Output Standards

measures performance results in terms of quantity, quality, cost, or time.

Input Standards

measures work efforts that go into a performance task.

The Control Process

2. Measuring Actual Performance

- ☐ Measurements must be accurate enough to spot deviations or variances between what really occurs and what is most desired.
- ☐ Without measurement, effective control is not possible.

The Control Process

3. Comparing Results with Objectives and Standards

- ❑ The comparison of actual performance with desired performance establishes the need for action.
- ❑ Ways of making such comparisons include:
**Historical / Relative / Engineering
Benchmarking**

The Control Process

4. Taking Corrective Action

- ❑ Taking any action necessary to correct or improve things.
- ❑ **Management-by-Exception** focuses managerial attention on substantial differences between actual and desired performance.

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- ☐ **Management-by Exception can save the managers time, energy, and other resources, and concentrates efforts on areas showing the greatest need.**
 - ☐ **There are two types of exceptions:**
 - ☐ **Problems - below standard**
 - ☐ **Opportunities - above standard**

1. PROBLEM VS. OPPORTUNITY

PROBLEM

an issue that is preventing the organization from achieving business goals and objectives



OPPORTUNITY

initiatives that will assist the organization in reaching business goals and objectives



Problem – A situation in which some aspect of organizational performance is less than desirable.

Opportunity – A situation that has the potential to provide additional beneficial outcomes.



Effective Controls



Effective Control is a term that describes the powers that a person or position has within an organization. We are obliged to verify the identity of all persons with Effective Control of an organization.

Effective Controls

The Best Controls in Organizations are

- ❖ Strategic and results oriented
- ❖ Understandable
- ❖ Encourage self-control
- ❖ Timely and exception oriented
- ❖ Positive in nature
- ❖ Fair and objective
- ❖ Flexible

Effective Controls



Elements of a good and effective Control System

1. Feedback. Feedback is the backbone of all control systems. ...
2. Control must be objective. ...
3. Prompt reporting of deviations. ...
4. Control should be forward-looking. ...
5. Flexible controls. ...
6. Hierarchical suitability. ...
7. Economical control. ...
8. Strategic control points.

Types of Control

1.Preliminary

2.Concurrent

3.Post action

4.Internal Controls

5.External Controls

Types of Control

1. Preliminary

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Sometimes called **the feed forward controls**, they are accomplished before a work activity begins.

They make sure that proper directions are set and that the right resources are available to accomplish them.

Types of Control

2. Concurrent

Focus on what happens during the work process. Sometimes called **steering controls**,

they monitor ongoing operations and activities to make sure that things are being done correctly.

Types of Control



3. Post action

Sometimes called **feedback controls**, they take place after an action is completed.

They focus on end results, as opposed to inputs and activities.

Types of Control



4. Internal Controls

Allows motivated individuals to exercise self-control in fulfilling job expectations.

The potential for self-control is enhanced when capable people have clear performance objectives and proper resource support.

Types of Control

5.External Controls

It occurs through personal supervision and the use of formal administrative systems.

- Performance appraisal systems,
- compensation and benefit systems,
- employee discipline systems,
- and management-by-objectives.

Organizational Control Systems

Management Processes

Compensation and Benefits

Employee Discipline

Information and Financial

Organizational Control Systems

Management Processes

- Strategy and objectives
- Policies and procedures
- Selection and training
- Performance appraisal
- Job design and work structures
- Performance modeling, norms, and organization culture



Organizational Control Systems

Compensation and Benefits

- Attract talented people and retain them.
- Motivate people to exert maximum effort in their work.
- Recognize the value of their performance contributions.



Organizational Control Systems

Employee Discipline

- Discipline is defined as influencing behavior through reprimand.
- Progressive Discipline ties reprimand to the severity and frequency of the employee's infractions.
- Positive Discipline tries to involve people more positively and directly in making decisions to improve their behavior.

Organizational Control Systems

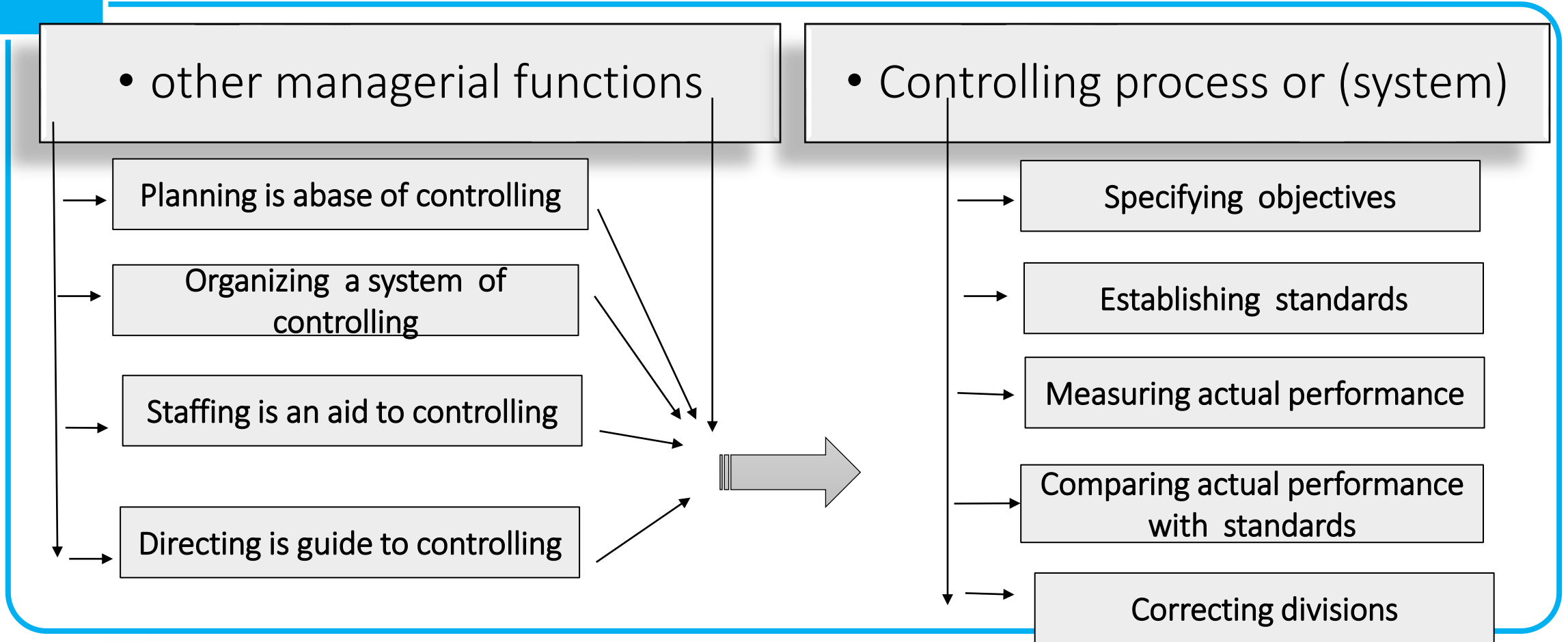
Information and Financial

- **Activity-based costing - the true cost of all products and services.**
- **Economic value added - examine the value added by all activities.**
- **Understand the implication of key financial measures of (ratios) organizational performance**

Scope of Control

- 
- Policies
 - Organization
 - Production
 - Wages & salary
 - Environment

Relationship between controlling and other managerial functions





For effective control, it is important to know what are the **critical areas** where control would exercise.

The identification of these areas of control enhances the management to:

- ☐ Delegate authority and fixing up of responsibility.
- ☐ Reduce the burden of supervising each activity in detail.
- ☐ Have a means of securing satisfactory results.



Thank You