



Controlling and Managing Changes

Chapter -6 lecturer-1

Everyone's Smart
University

MGM111

Principle of Management

Chapter-6 lectuer-1

Controlling as a Management Function

Learning Objectives

- ***Controlling Definition***
- ***The Control Process***
- ***Importance of Controlling***
- ***Types of Control***
- ***Scope of Control***
- ***Relationship between controlling and other managerial functions***

Functions of Management

planning

organizing

leading

controlling

Control is the last function of management

Controlling as a Management Function

- **Controlling**

- ☐ 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

Definition

- **“Managerial control implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans.”**
- **“Control is the process of bringing about conformity of performance with planned action.”**

Need of Control

- **Judging the accuracy of standards.**
- **Minimize dishonest behavior.**
- **Better performance**

The Control Process

- 1. Establish objectives and standards.**
- 2. Measure actual performance.**
- 3. Compare results with objectives and standards.**
- 4. Take necessary action.**

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.**

Establish Objectives and Standards cont..

- ***There are two types of standards:***
 - 1. Output Standards*** - measures performance results in terms of quantity, quality, cost, or time.
 - 2. Input Standards*** - measures work efforts that go into a performance task.

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.**

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



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.**

Taking Corrective Action

- **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**

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 con..

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**

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

Types of Control

1.Preliminary

2.Concurrent

3.Post action

4.Internal Controls

5.External Controls

Types of Control

1.Preliminary

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 Controls

Managers have two broad options with respect to control.

- 1. They can rely on people to exercise self-control (internal) over their own behavior.**
- 2. Alternatively, managers can take direct action (external) to control the behavior of others.**

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.

To be Effective Discipline Should be:

- **Immediate**
- **Focus on activity not personality**
- **Consistent**

- **Informative**
- **Occur in a supportive setting**
- **Support realistic rules**

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

Operations Management and Control

Purchasing

Project Management

Statistical Quality Control

Operations Management and Control

- **Purchasing**
 - **Economic Order Quantity**
automatic reorder points
 - **Just-In-Time Scheduling**

Operations Management and Control

- **Project Management**
 - Program Evaluation and Review Technique (PERT) - Identifies and controls the many separate events in complex projects.

Operations Management and Control

- **Statistical Quality Control**
 - Based on the establishment of upper and lower control limits, that can be graphically and statistically monitored to ensure that products meet standards.

Scope of Control

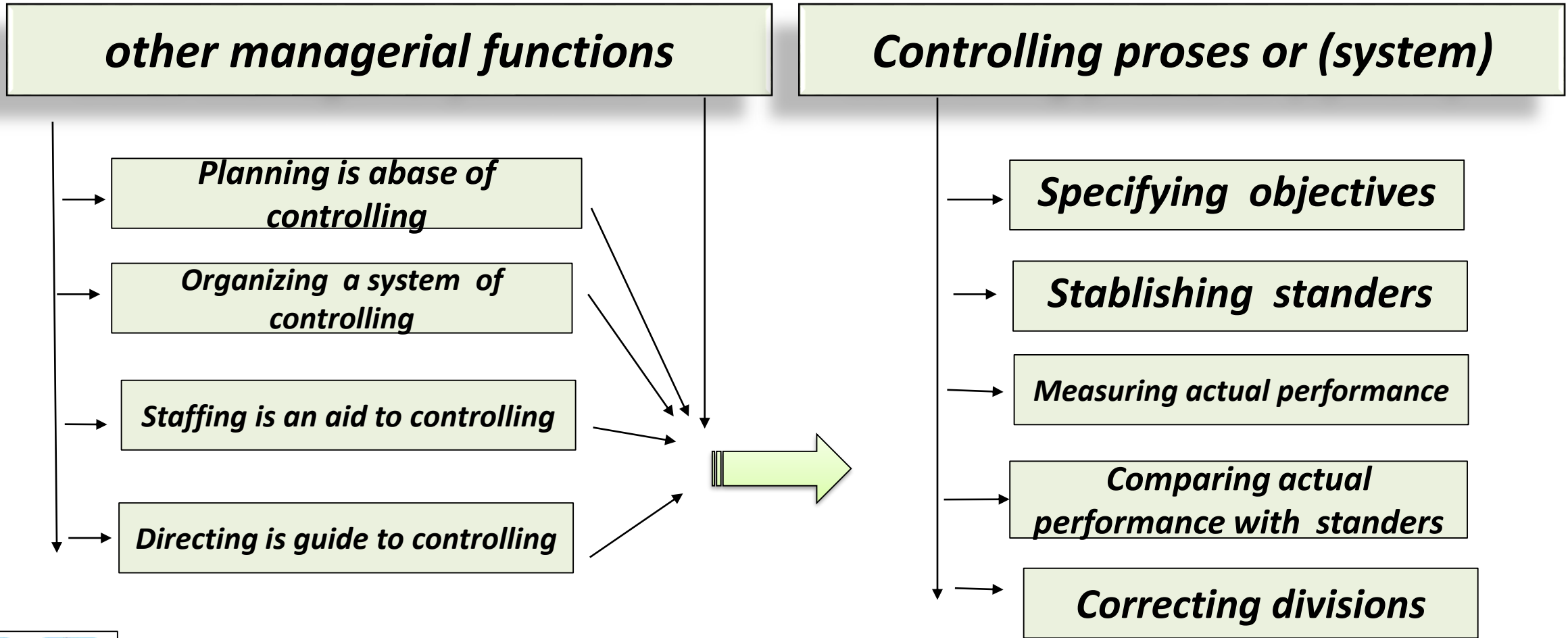
Scope of Control

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

Scope of Control con...

- **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.

Relationship between controlling and other managerial functions



“If a manager controls everything, he ends up controlling nothing.”