

# CONTROLLING

**MGT213**

**MANAGEMENT PRACTICES AND  
ORGANIZATIONAL BEHAVIOR**

Topic 9 | Week 9

**BBA** Program | Summer **2025**



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## TOPICS TO LEARN

- ❑ Controlling: Definition and Importance
- ❑ Value of the Control Function
- ❑ Purposes/Benefits of Controlling
- ❑ Steps in the Control Process

## CONTROLLING: DEFINITION AND IMPORTANCE

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**Controlling** is the process of monitoring, comparing, and correcting work performance.

At any point in time, control compares where the organization is in terms of performance (financial, productive, or otherwise) to where it is supposed to be.

### **Why is control so important?**

Control is important because it's the only way that managers know whether organizational goals are being met and, if not, the reasons why.

# VALUE OF THE CONTROL FUNCTION

**Exhibit 18-1.** Planning-Controlling Link



# VALUE OF THE CONTROL FUNCTION

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## **Planning and Controlling**

- ❑ Critical link ensuring goals are achieved.

## **Empowering Employees and Controlling**

- ❑ Provides feedback on performance, minimizes potential problems.

## **Protecting the Workplace and Controlling**

- ❑ Safeguards organization and assets from threats and disruptions.

## PURPOSES/BENEFITS OF CONTROLLING

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### ❑ **Adapting to Environmental Change**

Control helps anticipate, monitor, and respond to changing circumstances.

**Example:** Netflix adapting from DVD rentals to streaming amidst industry shifts.

### ❑ **Accelerating Cycle Times**

Control mechanisms streamline processes, optimize workflows, and minimize delays.

**Example:** Amazon's efficient order fulfillment process and resource allocation strategies.

## PURPOSES/BENEFITS OF CONTROLLING

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### ❑ Limiting the Accumulation of Error

Control prevents small errors from escalating into serious issues over time.

**Example:** Whistler Corporation's quality control oversight and Boeing's Dreamliner fastener error.

### ❑ Minimizing Costs

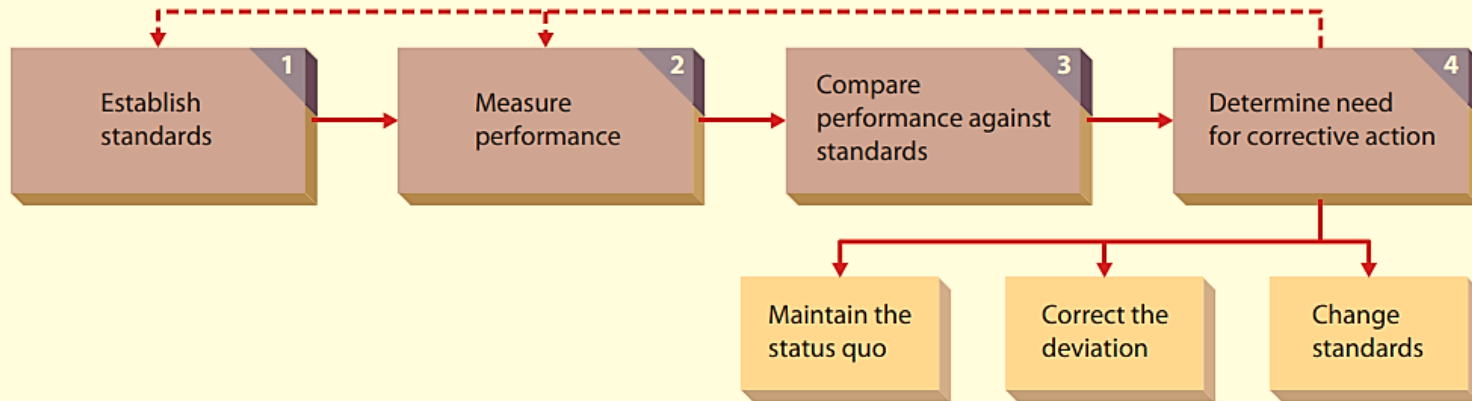
Control systems identify opportunities for cost reduction and resource optimization.

**Example:** Starbucks' decaf brewing adjustments, Cadbury's energy-efficient dehumidifier implementation in Taiwan factory.

# STEPS IN THE CONTROL PROCESS

**FIGURE 20.3** STEPS IN THE CONTROL PROCESS

Having an effective control system can help ensure that an organization achieves its goals. Implementing a control system, however, is a systematic process that generally proceeds through four interrelated steps.



## STEPS IN THE CONTROL PROCESS

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Regardless of the type or levels of control systems an organization needs, there are **four fundamental steps** in any control process.

### Step 1: Establishing Standards

- ❑ The first step in the control process is establishing standards. A **control standard** is a target for subsequent performance comparison.
- ❑ Standards must be measurable and consistent with organizational goals.
- ❑ Performance indicators provide relevant information for control.

## STEPS IN THE CONTROL PROCESS

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Regardless of the type or levels of control systems an organization needs, there are **four fundamental steps** in any control process.

### Step 2: Measuring Performance

- ❑ Performance measurement is ongoing and vital for effective control.
- ❑ Valid performance measures are necessary for accurate evaluation.
- ❑ **Example:** Sales figures, production metrics, employee output.

## STEPS IN THE CONTROL PROCESS

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Regardless of the type or levels of control systems an organization needs, there are **four fundamental steps** in any control process.

### **Step 3: Comparing Performance Against Standards**

- ❑ Performance may be higher, lower, or identical to standards.
- ❑ Timetable for comparison depends on factors like importance and complexity.
- ❑ Clear standards facilitate straightforward comparison.

## STEPS IN THE CONTROL PROCESS

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Regardless of the type or levels of control systems an organization needs, there are **four fundamental steps** in any control process.

### **Step 4: Considering Corrective Action**

- ❑ Decisions on corrective action depend on performance evaluation.
- ❑ Options include **maintaining status quo**, **taking corrective action**, or **adjusting standards**.
- ❑ **Example:** reducing benefits, adjusting advertising, or changing production levels.

# THANK YOU



## CONSULTATION HOURS

**Sunday** and **Tuesday**

12:20 PM - 2:35 PM

**Monday** and **Wednesday**

10:50 AM - 2:35 PM



## COMMUNICATION

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