MEASURING RESULTS

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MEASURING RESULTS (CONTROLLING)

Measuring Results is the third stage in the GEMS management process. It involves comparing actual activities and results with planned ones to detect deviations and take corrective action. Larger businesses require more effort, as managers must assess multiple departments, cash flow, operations, and performance. Success is measured using both quantitative and qualitative tools.

QUANTITATIVE VS. QUALITATIVE MEASURES

Quantitative: Tracks sales performance, product turnover, and customer traffic to decide which products to adjust, add, or remove.

Qualitative: Focuses on customer satisfaction through feedback and complaints to improve service areas like assistance, cashiering, or security

BALANCED PERFORMANCE MEASURES

The Strategic Planning Framework (SPF) uses a balanced approach to goal-setting by aligning vision, mission, and values, analyzing strengths and weaknesses, and measuring performance from customer, internal process, innovation/people, and financial perspectives.

DEFINING BALANCED RESULTS

Customer results – Deliver value through low cost, high quality, and timely products/services.

Organization (process) results – Build capabilities in learning, speed, seamlessness, and accountability.

People results – Treat employees as human capital, investing in their skills, commitment, and retention.

Shareholder (owner) results – Meet revenue, cost, and quality targets to satisfy investors and support business growth.

DEPARTMENTAL PERFORMANCE EVALUATION

Measuring results leads to performance evaluation, which should be linked to goals and plan execution. Managers must cascade the process from top to middle and lower levels, with each department/unit evaluating performance in their key result areas (KRAs/KPIs) across customer, process, people, and financial results.

INDIVIDUAL PERFORMANCE EVALUATION

Company measures should be translated to departments and individuals using KRAs/KPIs. Job descriptions can be adapted to include measurable outputs (quantitative for operations, qualitative for service/support roles). Traditional trait-based appraisals can be replaced with the competency-based approach for better people management.

COMPETENCY-BASED EVALUATION

Managers often start by evaluating quantitative results (sales, production, revenue) but soon realize that outcomes depend on how people perform individually and as a team. Achieving excellence requires planning not only for results but also for effective processes. The competency concept emphasizes managing both hard skills (technical/functional) and soft skills (values, attitudes, behaviors) to achieve superior performance.

COMPETENCIES DEFINED

Competencies combine hard skills (knowledge, talents, abilities) and soft skills (values, attitudes, behaviors) that drive superior performance. Different organizations define competencies to fit their goals—e.g., technical expertise and professionalism in consulting, learning and collaboration in education, or accomplishment and budget use in government. Modern managers must ensure the right mix of hard and soft skills to allow flexibility, multi-skilled roles, and job rotation, creating a competitive advantage and unique management style.

DISTINGUISHING CONTROL METHODS AND SYSTEMS

Feedforward control – Prevents problems before they occur (e.g., scheduling staff in advance).

Concurrent control – Corrects issues as they happen (e.g., being careful while working at height).

Feedback control – Fixes problems after they occur (e.g., removing a hazard after noticing it).

THE TWO FUNDAMENTAL CONTROL METHODS

Control methods monitor performance and detect problems:

Quantitative methods use data and tools like charts, budgets, and audits.

Qualitative methods focus on overall performance using inspection, supervision, coaching, and evaluations.

Systems organize processes and procedures to ensure efficiency, consistency, and smooth operations, reducing the need for excessive control methods.

APPLYING MANAGEMENT CONTROL IN ACCOUNTING AND OTHER FUNCTIONAL AREAS

A management control system collects and uses information to evaluate organizational performance across resources like human, financial, and marketing. Management accounting—including cost accounting, differential accounting, and responsibility accounting—provides tools such as budgeting and product costing to support this evaluation.

Thank you