

**CONTROLLING**

- **Defining controlling**

- Process that managers go through to control.
- Process of making things happen as planned.
- **The process of monitoring activities to ensure that they are being accomplished as planned and of correcting any significant deviations.**

“Controlling is a systematic effort by business management to compare performance to predetermined standards, plans or objectives to determine whether performance is in line with these standards and presumably to take any remedial action required to see that human and other corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives”

Roberto Mockler

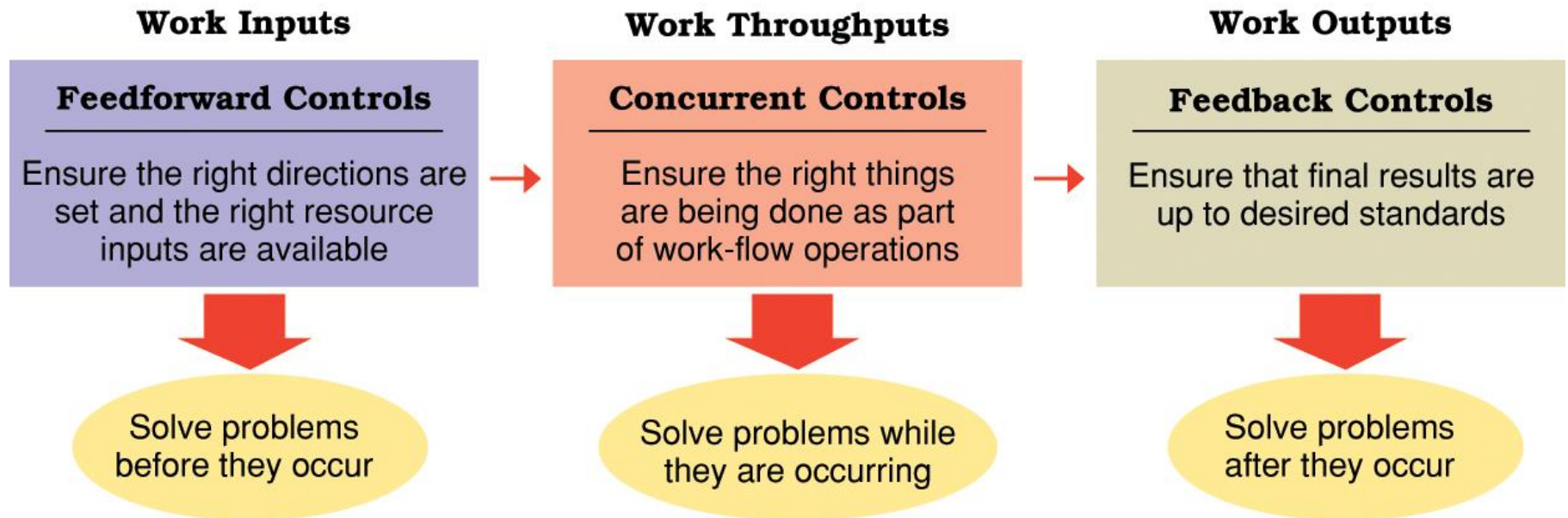
- **The Purpose of Control**

- To ensure that activities are completed in ways that lead to accomplishment of organizational goals.

# **Importance of Controlling:**

- Coping with uncertainty
- Detecting irregularities
- Identifying opportunities
- Handling complex situations
- Decentralizing authority
- Minimizing costs

# Types of Control



- **Feedforward Controls**

- Used to anticipate problems before they arise so that problems do not occur later during the conversion process
- Giving stringent product specifications to suppliers in advance
- It can be used to keep in contact with suppliers and to monitor their progress

- **Concurrent Controls**

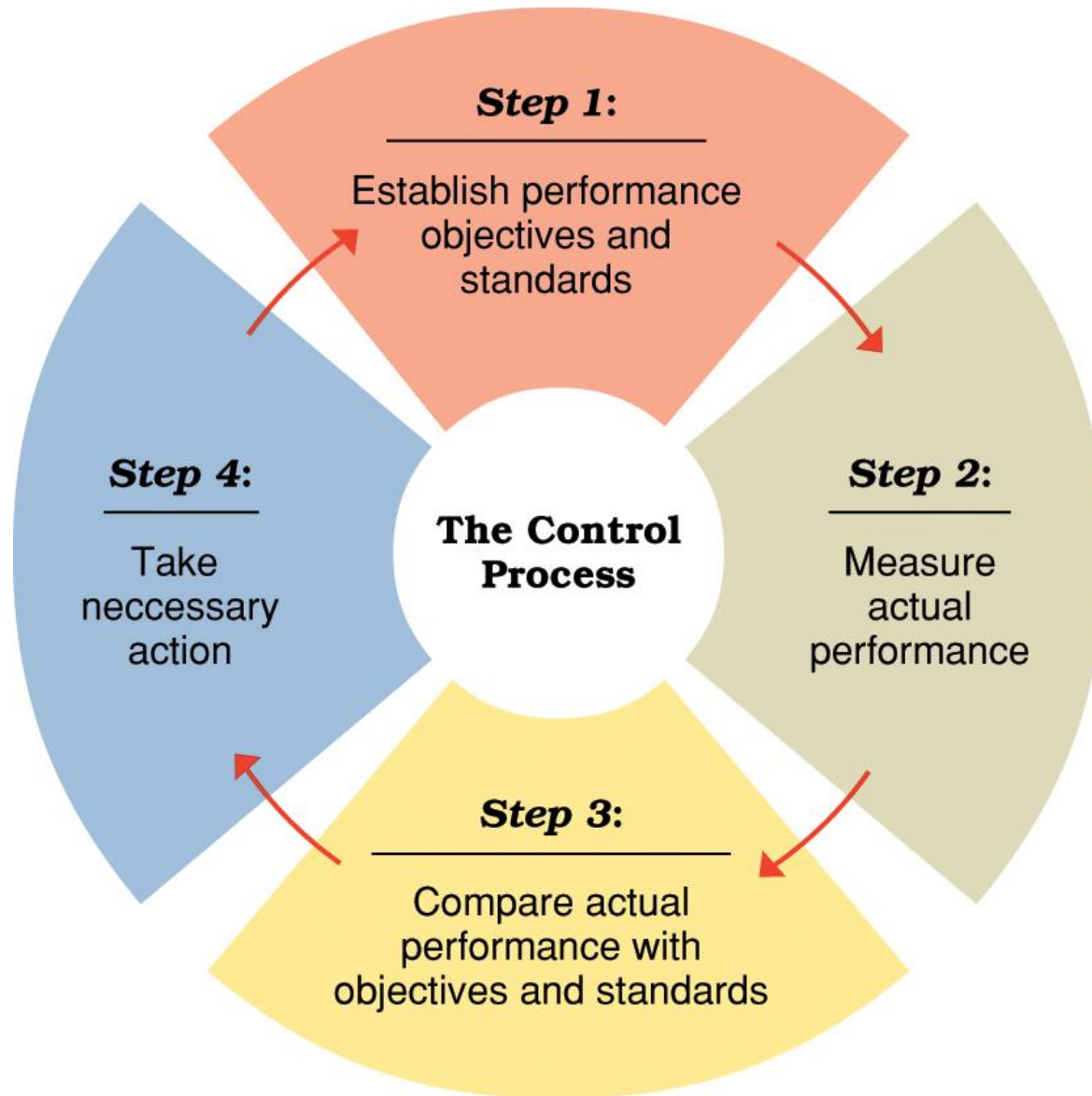
- Give managers immediate feedback on how efficiently inputs are being transformed into outputs
  - Allows managers to correct problems as they arise

- **Feedback Controls**

- Used to provide information at the output stage about customers' reactions to goods and services so that corrective action can be taken if necessary

## **Steps in the control process:**

- Step 1 — establish objectives and standards.
- Step 2 — measure actual performance.
- Step 3 — compare results with objectives and standards.
- Step 4 — take corrective action as needed.



## ➤ Step 1 — establishing objectives and standards

### — Input standards

- Measure effort in terms of amount of work expended in task performance.

### — Output standards

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



## ➤ Step 2 — measuring actual performance

- Managers can measure outputs resulting from worker behavior or they can measure the behavior themselves.
  - The more non-routine the task, the harder it is to measure behavior or outputs
- Goal is accurate measurement of actual performance results and/or performance efforts.
- Must identify significant differences between actual results and original plan

- Step 3 — comparing results with objectives and standards
  - Managers evaluate whether – and to what extent – performance deviates from the standards of performance chosen in step 1
  - Need for action reflects the difference between desired performance and actual performance

## ➤ Step 4 — taking corrective action

- If managers decide that the level of performance is unacceptable, they must try to change the way work activities are performed to solve the problem
- Taking action when a discrepancy exists between desired and actual performance.

# Levels of Control:

- Step 1 Top level— Strategic control.
- Step 2 Middle level— Tactical Control .
- Step 3 Lower level— operational control.

# Strategic control:

- Involves monitoring critical environmental factors to ensure that strategic plans are implemented as intended, assessing the impact of strategic plans & adjusting such plan when necessary .
- Organization wide perspective
- Concerned with strategic issues
- Long term frame

# Tactical Control:

- Focuses on assessing the implementation of tactical plans at departmental level
- Monitoring associated periodic results & taking corrective actions when necessary.
- Concerned with departmental goals, objectives, programs & budgets
- Medium time frame
- Also exercise operational control by monitoring critical aspects of the implementation of operational plans

# Operational Control:

- Unit level perspective
- Involves overseeing the implementation of operational plans, monitoring day to day results, and taking corrective action when necessary.
- Concerned with schedules, budgets, rules, & specific individual output requirements
- Short time frame

# **Prerequisite for successful controlling**

- i. Controls should be plans, positions and structure
- ii. They should be understandable
- iii. Should identify only important / major exceptions
- iv. Control system should be flexible
- v. Control system should provide accurate information