Prerequisites of Effective Control System

Controls at every level focus on inputs, processes and outputs. It is very important to have effective controls at each of these three stages.

Effective control systems tend to have certain common characteristics. The importance of these characteristics varies with the situation, but in general effective control systems have following characteristics:

1. Focus on Objectives

The control system should always focus on objectives. It should aim to achieve the objectives of the organization.

2. Accuracy

Effective controls generate accurate data and information. Accurate information is essential for effective managerial decisions. Inaccurate controls would divert management efforts and energies on problems that do not exist or have a low priority and would fail to alert managers to serious problems that do require attention.

3. Timeliness

There are many problems that require immediate attention. If information about such problems does not reach management in a timely manner, then such information may become useless and damage may occur. Accordingly controls must ensure that information reaches the decision makers when they need it so that a meaningful response can follow.

4. Flexibility

The control system should be flexible. It should change according to the changes in plans, situations, environments, etc. A rigid control system will always fail. Hence flexibility is necessary for a control system.

5. Forward Looking

The control system should be forward-looking. It should forecast the future deviations. That is, it should find out the deviations before it happens. It should also take steps to prevent these future deviations.

6. Motivating

The control system should be motivating. That is, it should give more importance to preventing the mistakes and less importance to punishing the employees. So, it should encourage, not discourage the employees.

7. Acceptability:

Controls should be such that all people who are affected by it are able to understand them fully and accept them. A control system that is difficult to understand can cause unnecessary mistakes and frustration and may be resented by workers.

Accordingly, employees must agree that such controls are necessary and appropriate and will not have any negative effects on their efforts to achieve their personal as well as organizational goals.

8. Economic feasibility

The control system should be economical. This means the cost of the control system should not be more than its benefits.

9. Simplicity

The control system should not be complicated. It should be easy to understand and simple to use. Those who are going to use the control system should understand it clearly and completely.

10. Corrective action

An effective control system not only checks for and identifies deviation but also is programmed to suggest solutions to correct such a deviation. For example, a computer keeping a record of inventories can be programmed to establish "if-then" guidelines. For example, if inventory of a particular item drops below five percent of maximum inventory at hand, then computer will signal for replacement for such items.

11. Emphasis on exception:

A good system of control should work on the exception principle, so that only important deviations are brought to the attention of management, In other words, management does not have to bother with activities that are running smoothly. This will ensure that managerial attention is directed towards error and not towards conformity. This would eliminate unnecessary and uneconomic supervision, marginally beneficial reporting and a waste of managerial time.