

CONTROLLING

- Control is a very important process through which managers ensure that actual activities conform to planned activities. This involves, (Steps in Controlling)
- 1. Establishment of standards.
- 2. Measurement and comparison of results against standards.
- 3. Taking corrective actions.
- A control system is needed for four purposes. A) to measure progress
- B) to uncover deviations. C) to indicate corrective actions. D) to transmit corrective action to the operation.

Benefits of control

- A well developed control system
- Increases productivity.
- Reduces defects and mistakes.
- Helps meet deadlines,
- Facilitates communication.
- Improves safety.
- Lowers cost.
- Gives the workers control over their environment.

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- Most control methods can be grouped into two basic categories. Steering controls, which detect performance deviations before a given operation is completed, and post action control in which past experience is applied to future operations.
- For a control system to be effective, it must be (Essentials of a sound control system)
 - suitable forward-looking objective flexible
 - economical prescriptive acceptable motivating
- Focused on strategic control points

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- Suitable: The control system should be appropriate to the nature and needs of the activity. Controls used in the sales department will be different from those used in the finance and personnel.
- Timely and forward looking : Although an ideal control system, as in certain electronic controls, should be able to detect deviations before they occur, the same is not possible in personnel and marketing controls which include a time lag between the deviation and corrective action.
- Objective and comprehensible: Objective controls specify the expected results in clear and definite terms and leave little room for argument by the employees,

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- When the precise purpose for which the control exists, are not understood it is difficult, if not impossible, to establish criteria for its evaluation and review.
- Flexible: Controls should be adjusted to suit the needs of any change in the basic nature of inputs and/or the sizes, varieties or types of the same product or service. For example sales quotas to be tied to general business activity. In all such plans, the basis for shifting the control standard is built right into the system.
- Economical: the benefit derived from a control systems should be more than the cost involved in implementing it.

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- Prescriptive and operational: it must disclose where failures are occurring, who is responsible for them, and what should be done about them. It must focus more on action than an information.
- Acceptable to organization members: when standards are set unilaterally by top level managers, there is a danger that employees will regard these standards as unreasonable or unrealistic. They may then refuse to achieve them.
- Reveal exceptions at strategic points: Small exceptions in certain areas have greater significance than larger deviation in other areas

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- Motivate people to high performance: since most people respond to a challenge, successfully meeting a tough standard may well provide a greater sense of accomplishment than meeting an easy standard. Where as if the target is tough and impossible to meet it will discourage rather than motivate.
- Should not lead to less attention to other aspects: For example, if controls put pressure on employees to increase output, the quality of work, care of equipment, and prevention of waste should not be neglected.
- Should be periodically reviewed and evaluated: to see how effective and efficient the design proved to be or why it failed.

CONTROL TECHNIQUES

- Broadly divided into two, old and new. Budgeting is the most widely used among the old technique. Budgets have both advantages and limitations.
- Their advantages are that they improve communication and coordination, boost motivation and morale and increase learning from past experience. Their disadvantage are that they are rigid, inflexible, expensive and curb the initiation of a manager.
- other old techniques are standard costing, responsibility accounting, financial statements, ratio analysis, internal and external audits, reports, rules and personal observations.

CONTROL TECHNIQUES

- The new control techniques are PERT , CPM and human resource accounting.
- PERT, CPM illustrates the tasks involved in a project, the time(or the cost) it will take to complete them and the interrelationships between the tasks. In this way a project can be planned and integrated more efficiently, and the project completion date can be determined and controlled more easily.
- Many corporations nowadays are realizing the need to prepare and present reports about the current value of their employees. This is known as human resources accounting.

CONTROL TECHNIQUES

- Control technique, are also divided into market, bureaucratic and plan control techniques which are respectively suited to profit, non profit and family organisations.

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- A control system may fail if,
- The magnitude of change(which forms the basis of control) far exceeds the anticipated amount.
- There is communication barrier.
- There is no time lag in feedback.
- There has been some mistake in setting the standards.
- There is resistance from employees.