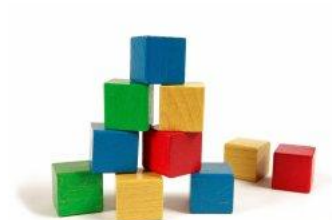




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Principles of Management



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Basic reading

The presentation has been prepared based on the book



What Is Control?

- Control
 - the process of monitoring activities to ensure that they are being accomplished as planned and of correcting significant deviations
 - control systems are judged in terms of how well they facilitate goal achievement
 - **market control** - emphasizes the use of external market mechanisms to establish standards of performance
 - useful where products and services are distinct
 - useful where marketplace competition is considerable
 - divisions turned into profit centers and judged by the percentage of total corporate profits each contributes

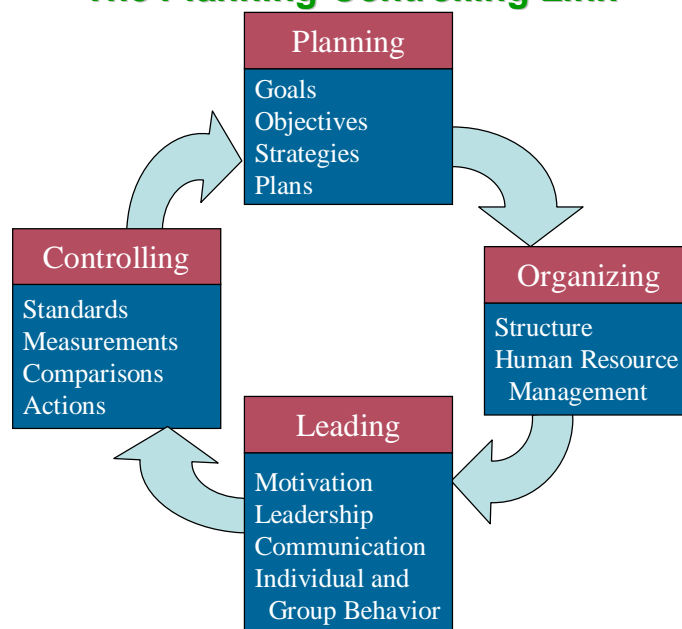
What Is Control? (cont.)

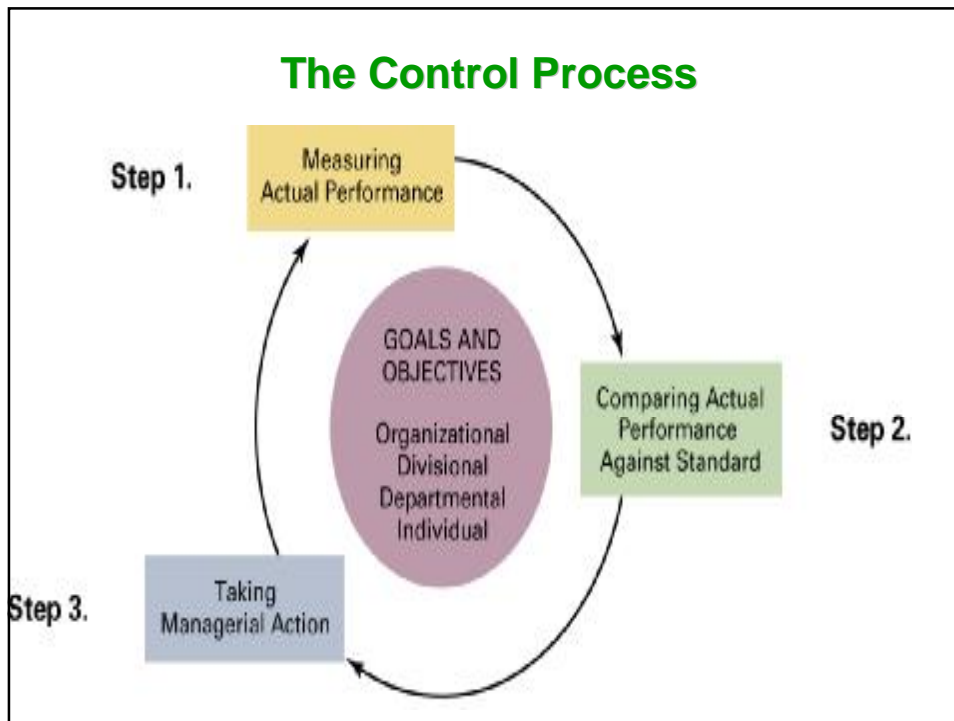
- Control
 - **bureaucratic control** - emphasizes organizational authority
 - relies on administrative rules, procedures, and policies
 - depends on standardization of activities, well-defined job descriptions, and other administrative mechanisms
 - **clan control** - behavior regulated by shared values, traditions, and other aspects of organizational culture
 - dependent on individual and group to identify expected behaviors and performance measures
 - found where teams are common and technology changes often

Why Is Control Important?

- Control is the Final Link in the Management Process
 - provides the critical link back to planning
 - only way managers know whether organizational goals are being met
- Permits Delegation of Authority
 - fear that employees will do something wrong for which the manager will be held responsible
 - provides information and feedback on employee performance

The Planning-Controlling Link





- ### The Control Process
- Background
 - controlling is a three-step process
 - assumes that performance standards already exist
 - specific goals are created in the planning process
 - Measuring
 - *How We Measure*
 - *personal observation* - permits intensive coverage
 - *Management By Walking Around (MBWA)*
 - drawbacks - subject to personal biases
 - » consumes a great deal of time
 - » suffers from obtrusiveness

The Control Process (cont.)

- Measuring (cont.)
 - **How We Measure** (cont.)
 - **statistical reports** - numerical data are easy to visualize and effective for showing relationships
 - drawbacks - not all operations can be measured
 - » important subjective factors may be ignored
 - **oral reports** - includes meetings, telephone calls
 - may be best way to control work in a virtual environment
 - technology permits creation of written record from oral report
 - drawbacks - filtering of information

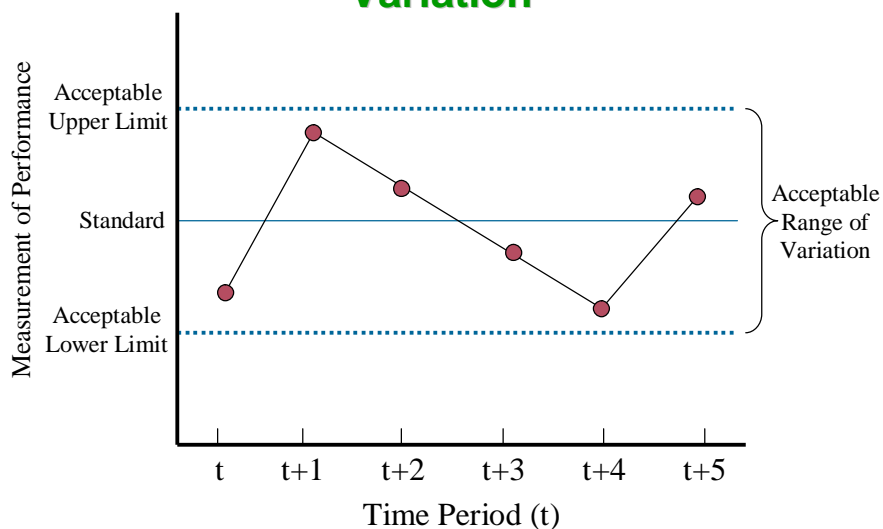
The Control Process (cont.)

- How We Measure (cont.)
 - **written reports** - often more comprehensive and concise than oral reports
 - usually easy to file and retrieve
 - comprehensive control efforts should use all four approaches

The Control Process (cont.)

- Comparing
 - determines the degree of variation between actual performance and standard
 - acceptable range of variation - deviations that exceed this range become significant

Defining The Acceptable Range Of Variation



Sales Performance Figures For July, Eastern States Distributors

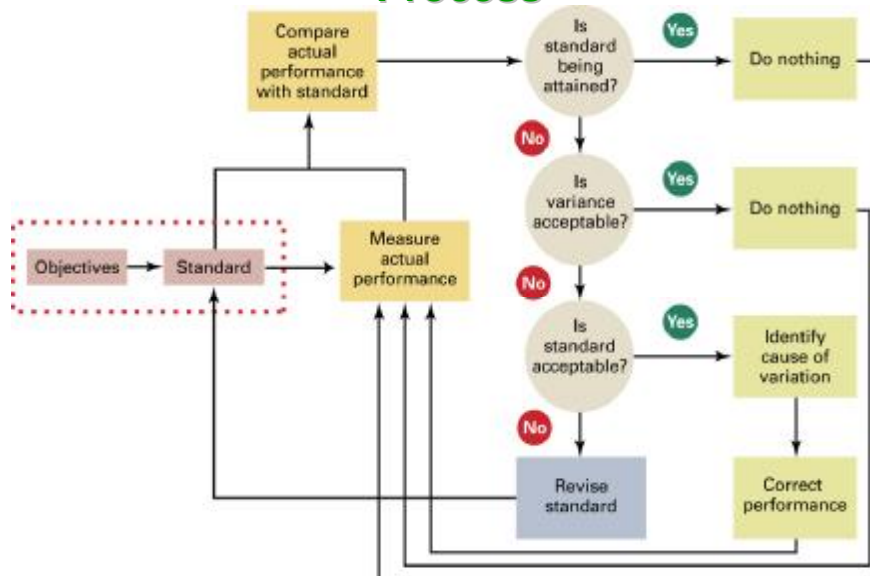
<u>Brand</u>	<u>Standard*</u>	<u>Actual*</u>	<u>Over (under)*</u>
Heineken	1,075	913	(162)
Molson	630	634	4
Irish Amber	800	912	112
Victoria Bitter	620	622	2
Labatt's	540	672	132
Corona	160	140	(20)
Amstel Light	225	220	(5)
Dos Equis	80	65	(15)
Tecate	170	286	116
Total cases	4,300	4,464	164

* hundreds of cases

The Control Process (cont.)

- Taking Managerial Action
 - **Correct Actual Performance** - action taken when the performance variation is unsatisfactory
 - **immediate corrective action** - corrects problems at once to get performance back on track
 - **basic corrective action** - identifies reason for performance variation
 - corrects the source of variation
 - **Revise the Standard** - variance results from an unrealistic standard
 - standard, not performance, needs correction
 - troublesome to revise the standard downward

Managerial Decisions in the Control Process



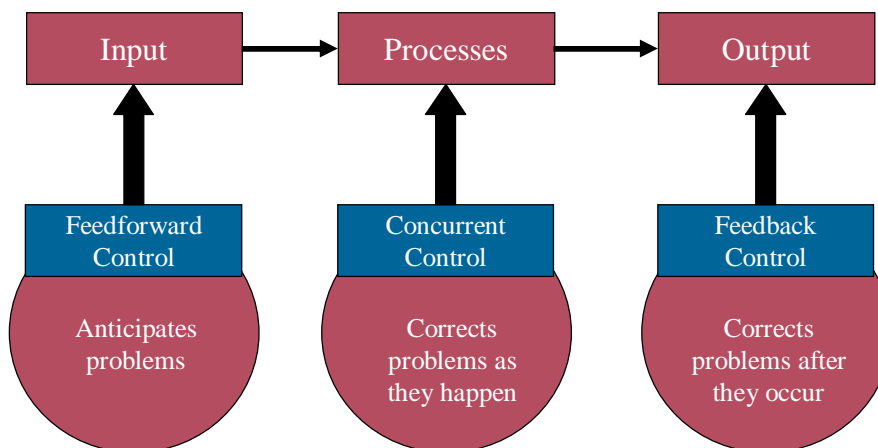
Types Of Control

- Feedforward Control
 - prevents anticipated problems
 - most desirable type of control
 - requires timely and accurate information that often is difficult to get
- Concurrent Control
 - takes place while activity is in progress
 - corrects problem before it becomes too costly
 - best-known form is direct supervision

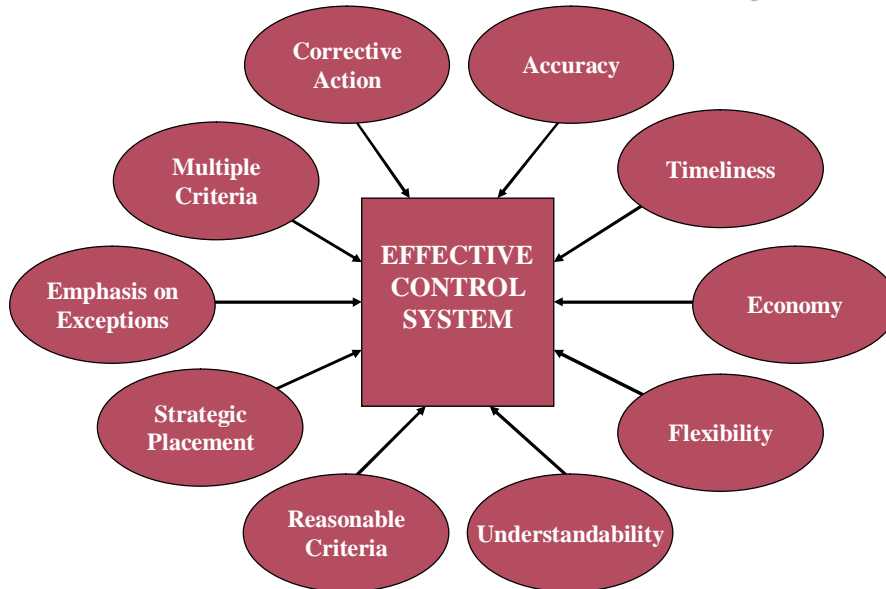
Types of Control (cont.)

- Feedback Control
 - takes place after the activity is done
 - problems may already have caused damage or waste
 - the most popular type of control
 - feedback may be only viable form of control available
 - feedback has two advantages
 - provides meaningful information on the effectiveness of planning
 - can enhance employee motivation

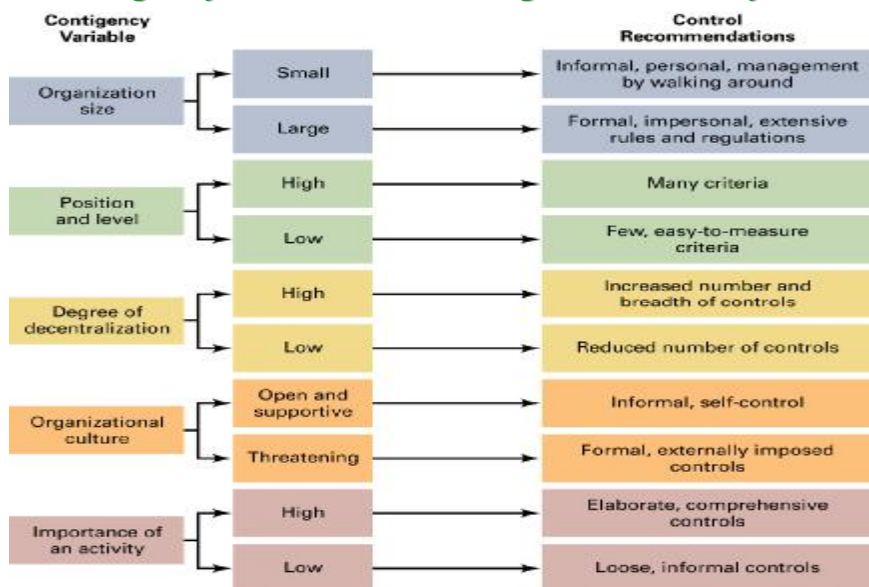
Types Of Control



Qualities Of An Effective Control System



Contingency Factors in the Design of Control Systems



Control vs. Controlling

