

## Chapter 10 - Controlling the Management Process

Controlling is the final step in the management process and it is an important part of the management cycle.

### **The purpose of control**

Control is linked with planning, organising and leading. Planning is the first step in control. Without control planning is pointless.

Control helps companies adapt to environmental change. It enables management to cope with change and uncertainty.

Control helps limit the accumulation of error. Managers and subordinates are capable of making poor decisions and committing errors.

Control helps companies cope with increasing organisational size and complexity.

Control helps minimise costs. When implemented effectively, control can help reduce costs and increase output.

### **The control process**

#### **Step 1 : Establish standards**

The first step in control is to establish performance standards at strategic points. Because of the close relationship between planning and control.

Performance standards should be relevant, realistic, attainable and measurable, so that there can be no doubt whether the actual performance meets the standard or not.

#### **Step 2: Measure actual performance**

The collection of information and reporting on actual performance are continuous activities. It is important for the activities to be quantifiable before any valid comparisons can be made. The measurement of actual achievement is that the reports should be absolutely reliable. Important considerations in the measurement and reporting activities are what information and how much information should be fed back and to whom.

#### **Step 3: Evaluate Deviations**

The determination of the performance gap between the performance standard and the actual performance. It is important to know why a standard has only been matched and not exceeded, or even why performance has been much better than the standard.

#### **Step 4: Take corrective action**

To ensure that deviations do not recur. If actual achievements do not match the performance standards, management has three choices:

- Actual performance can be improved to reach standards.
- Strategies can be revised to accomplish the standards
- Performance standards can be lowered or raised to make them more realistic in the light of prevailing conditions.

## **Types of control**

### **Areas of control**

Physical resources - which entails factors such as inventory control and quality control.

Human resources - orderly selection and placement of employees, control over training and personnel development, performance appraisal and remuneration levels.

Information sources - accurate market forecasting, adequate environmental scanning and economic forecasting.

Financial resources

### **Characteristics of an effective control system**

Integration

Flexibility

Accuracy

Timeliness

Simplicity