

# **WEEK 9**

## **Controls**

# Controls

## Control

- The regulation of organizational activities so that some targeted element of performance remains within acceptable limits.
- **Provides organizations with indications of how well they are performing in relation to their goals.**
- **Provides a mechanism for adjusting performance to keep organizations moving in the right direction.**

# Importance of Control

## Change

Helps managers detect changes in the external and internal environments.

## Complexity

Monitors the diversified product lines to ensure that quality and profitability are maintained.

## Mistakes

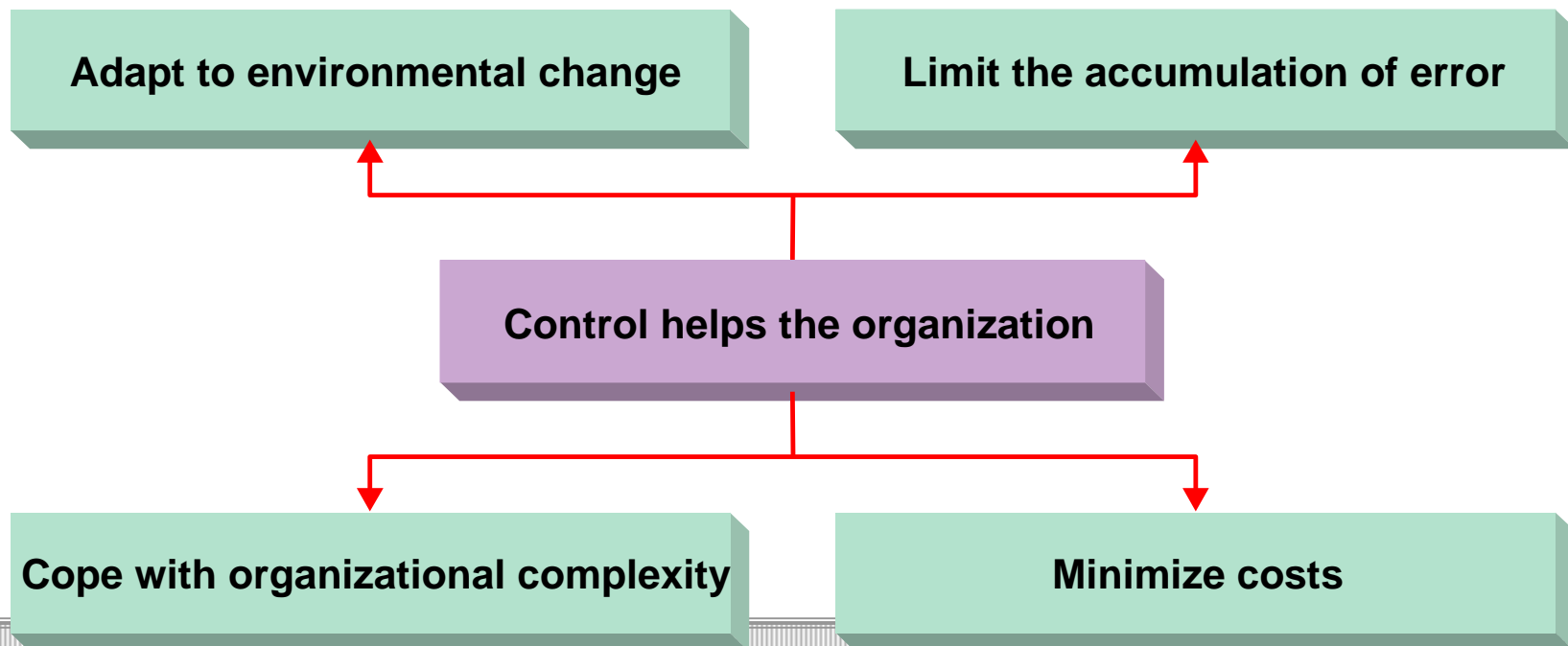
Allows a manager to detect mistakes before they become crucial.

## Delegation

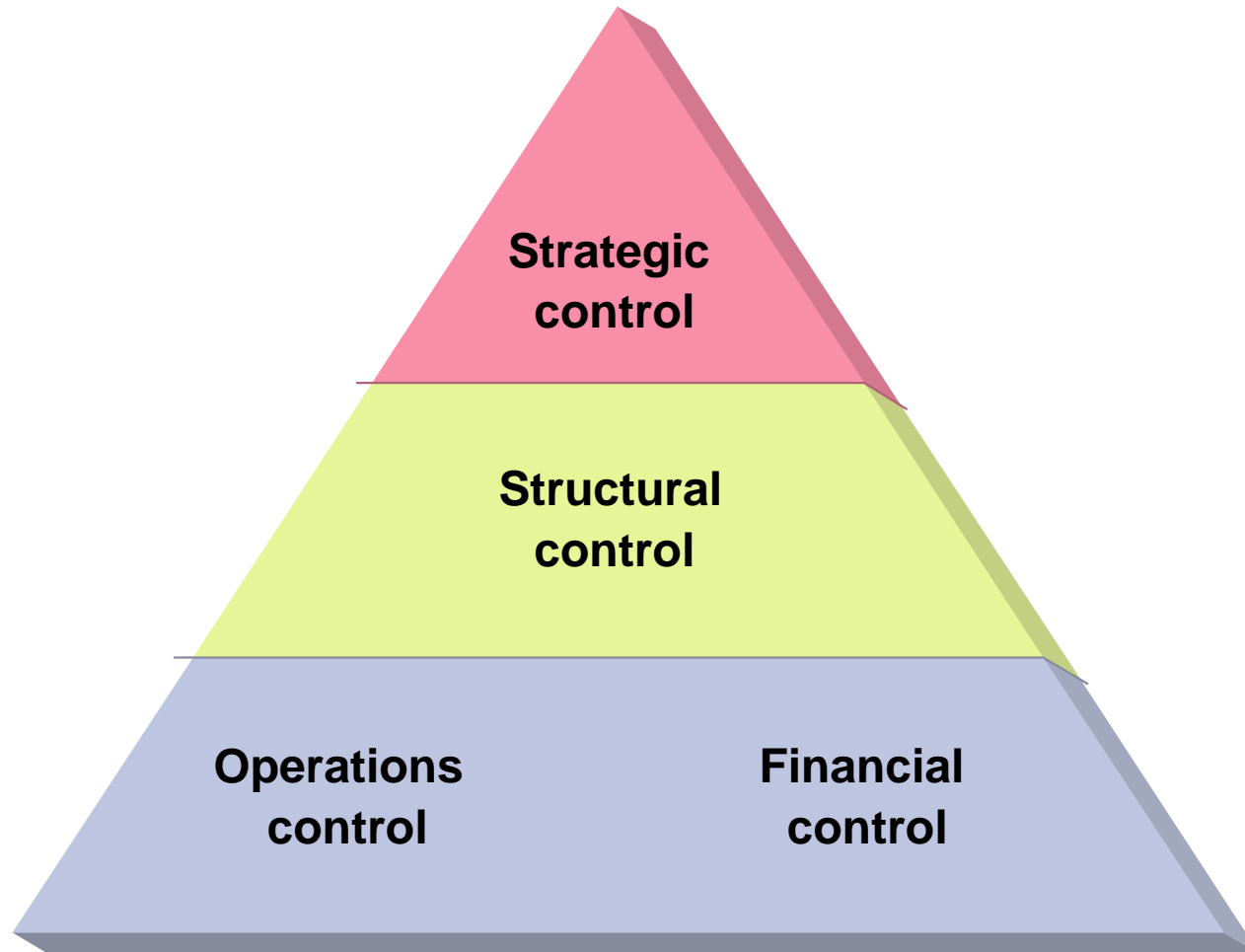
Managers will delegate part of their work to subordinate

# Importance of Control

Control is one of the four basic management functions. The control function, in turn, has four basic purposes.



# Levels of Control



## Types of Controls

**Physical resources**—inventory management, quality control, and equipment control.

**Human resources**—selection and placement, training and development, performance appraisal, and compensation.

**Information resources**—sales and marketing forecasts, environmental analysis, public relations, production scheduling, and economic forecasting.

**Financial resources**—managing capital funds and cash flow, collection and payment of debts.

# **Design of control process**

## **The steps in the design of the control process**

**Define the desired results**

**Establish the predictors of results**

**Set standards of performance for the predictors**

**Establish the information and feedback systems**

**Measure actual work performance**

**Compare actual performance to standards**

**Take corrective actions where necessary.**