

WEEK 6

CONTROL

CHAPTER 15



WEEK 6

CHAPTER

OUTCOMES

After reading this chapter you should be able to:

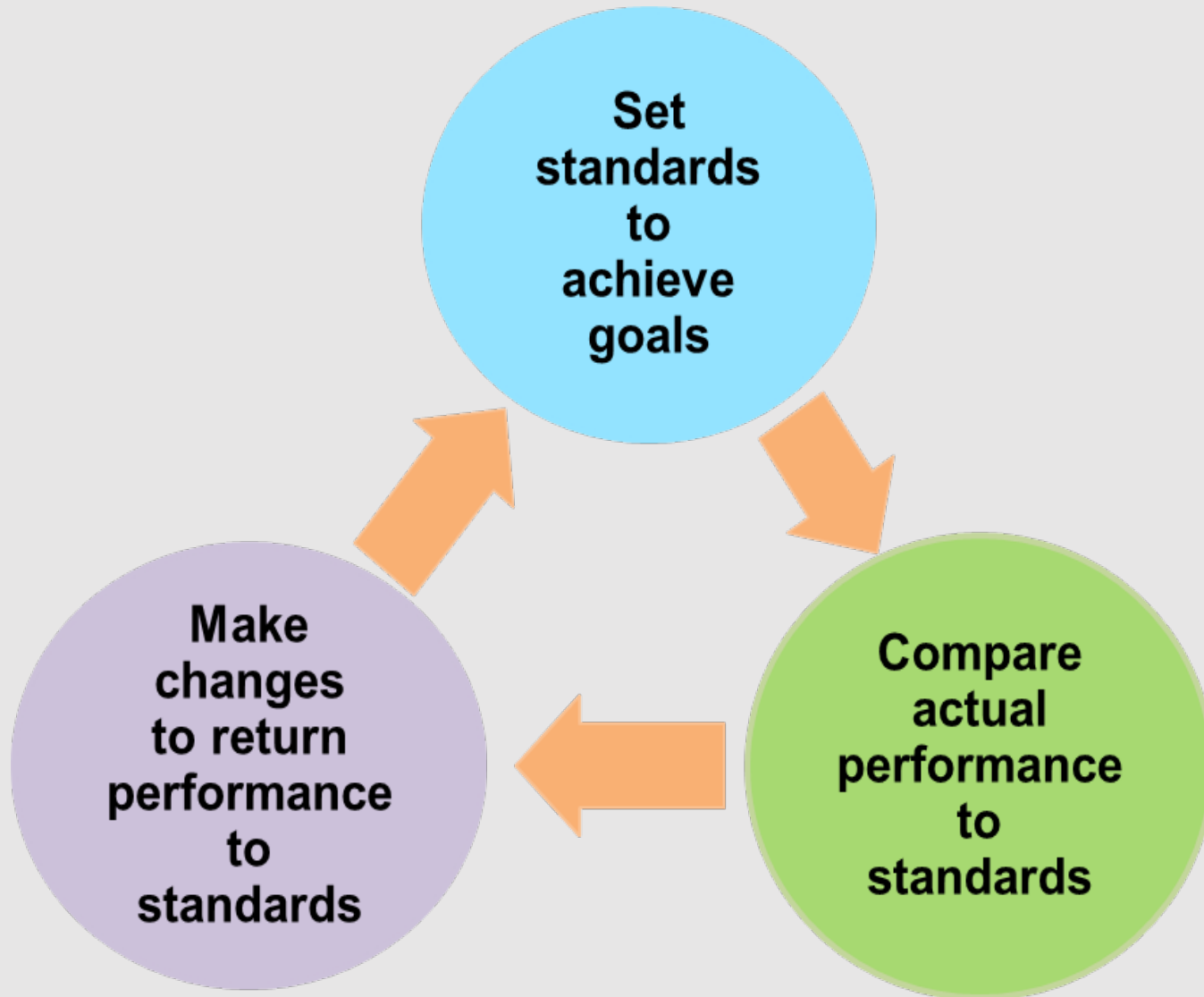
1. describe the basic control process
2. discuss the various methods that managers can use to maintain control
3. describe the behaviours, processes and outcomes that today's managers are choosing to control in their organisations

CONTROL (PART 1)



**Controlling is the process of
establishing standards to achieve
organisational goals
comparing actual performance
against the standards and
taking corrective action when
necessary**

THE CONTROL PROCESS



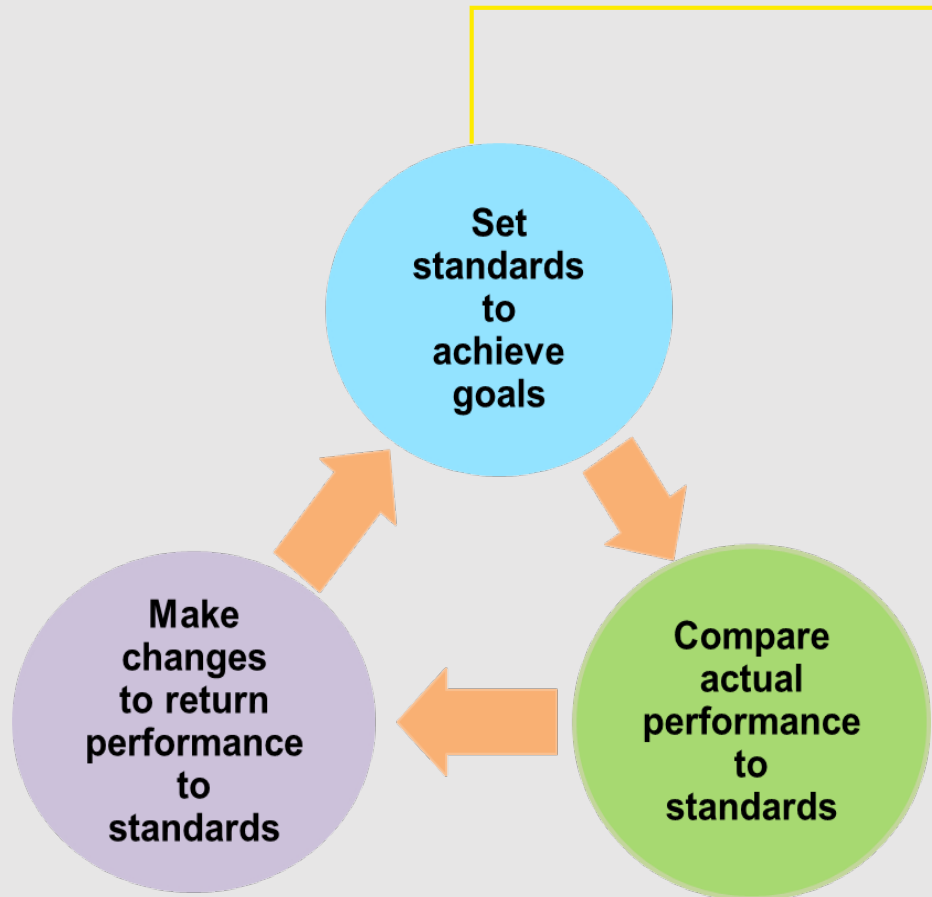
Standards

A basis of comparison for measuring the extent to which various kinds of organisational performance are satisfactory or unsatisfactory

Benchmarking

The process of identifying outstanding practices, processes and standards in other companies and adapting them to your company

THE CONTROL PROCESS

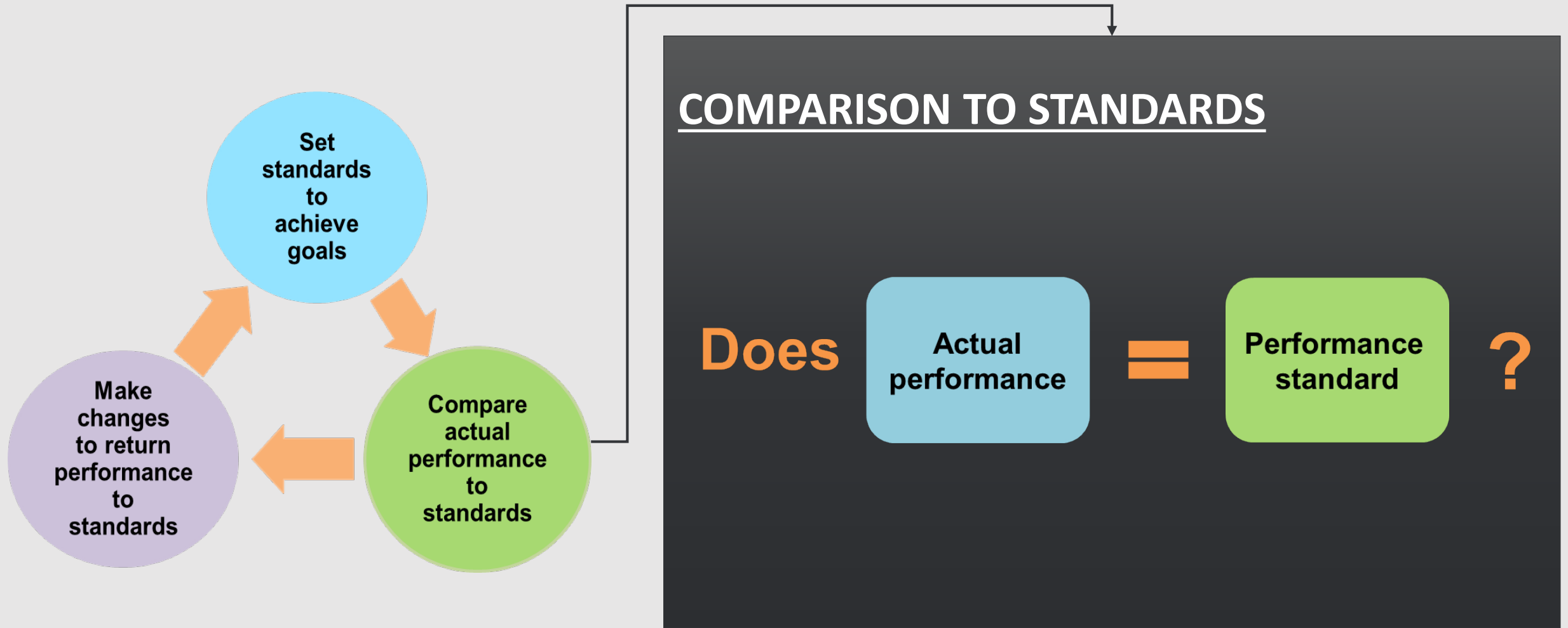


SETTING STANDARDS

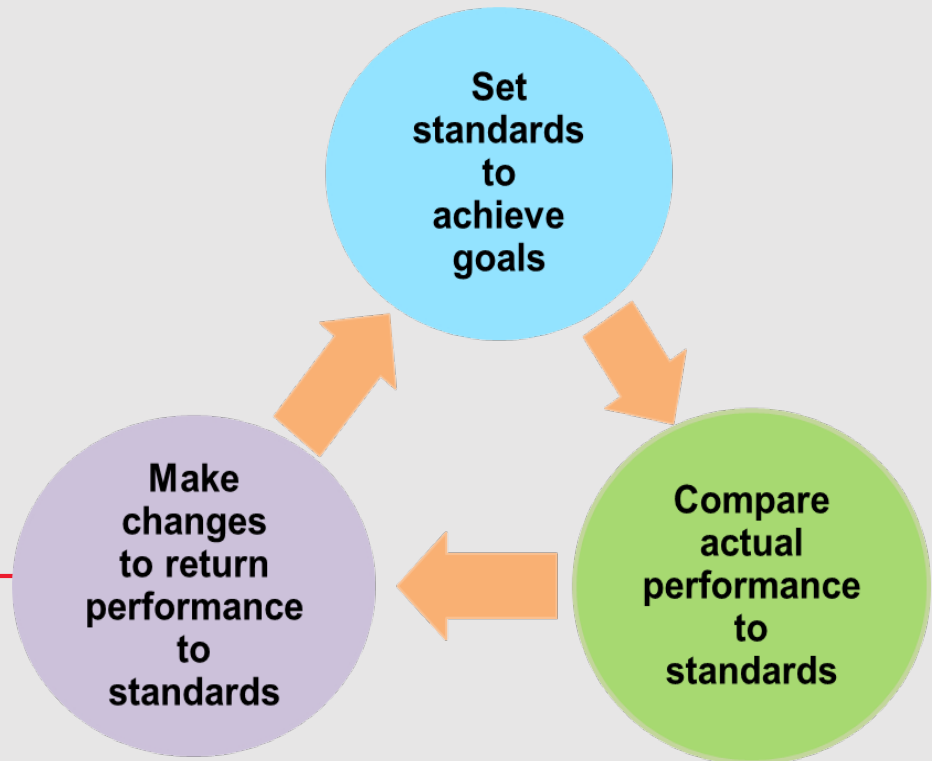
A good standard must enable goal achievement
Listening to customers or observing competitors
Benchmarking other companies:

- Determine what to benchmark
- Identify the companies against which to benchmark
- Collect data to determine other companies' performance standards

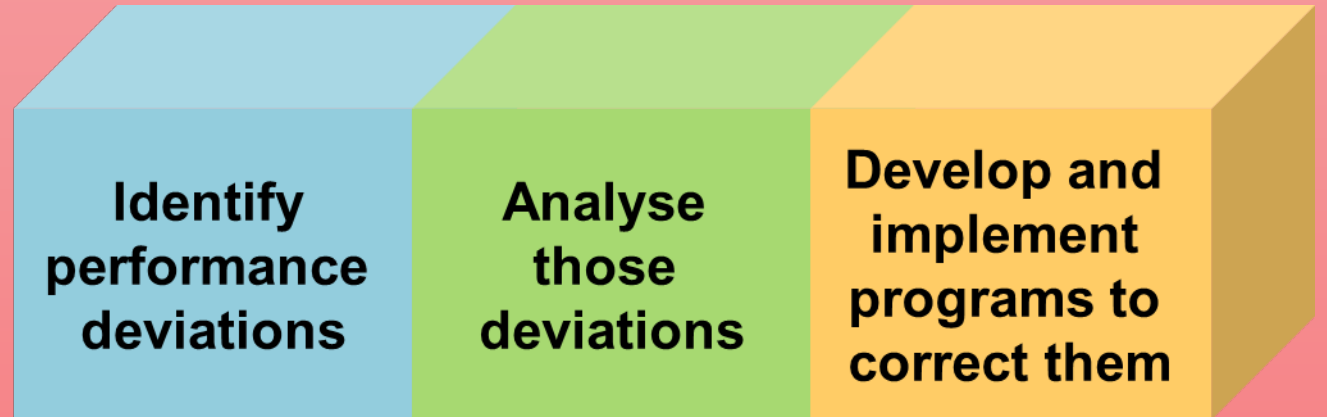
THE CONTROL PROCESS



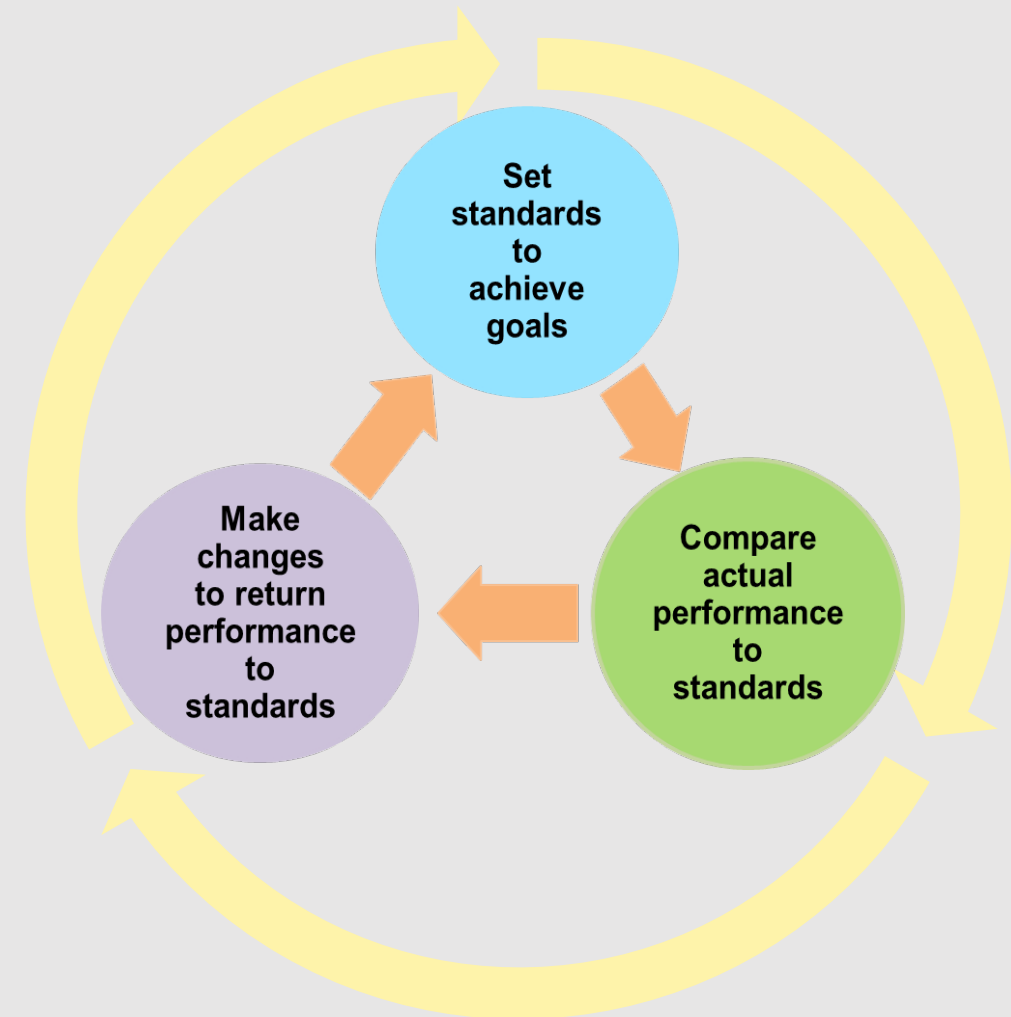
THE CONTROL PROCESS



CORRECTIVE ACTION



THE CONTROL PROCESS



FEEDBACK, CONCURRENT AND FEEDFORWARD CONTROL

Feedback control

Gather information about performance deficiencies after they occur

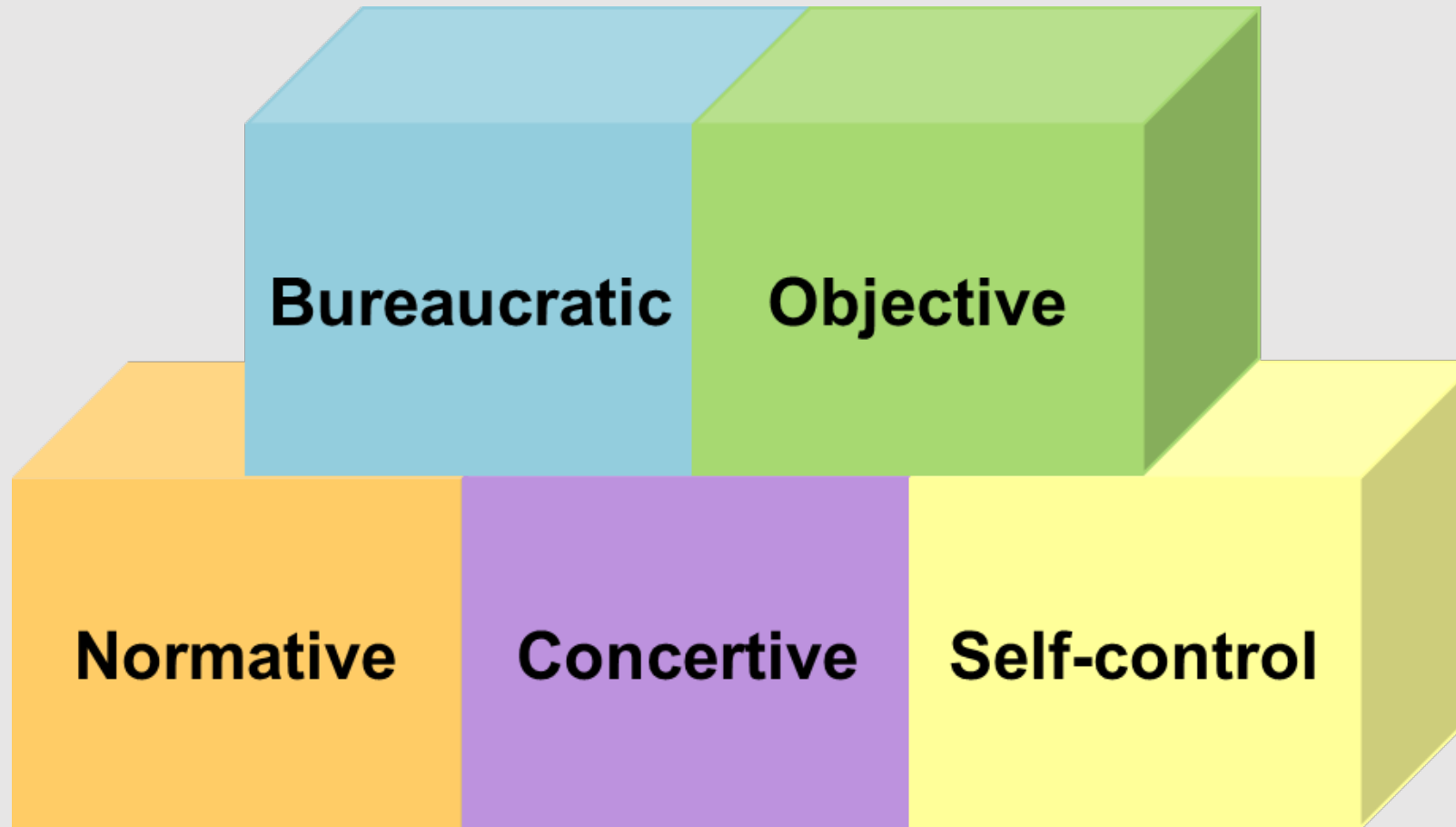
Concurrent control

Gather information about performance deficiencies as they occur, thereby eliminating or shortening the delay between performance and feedback

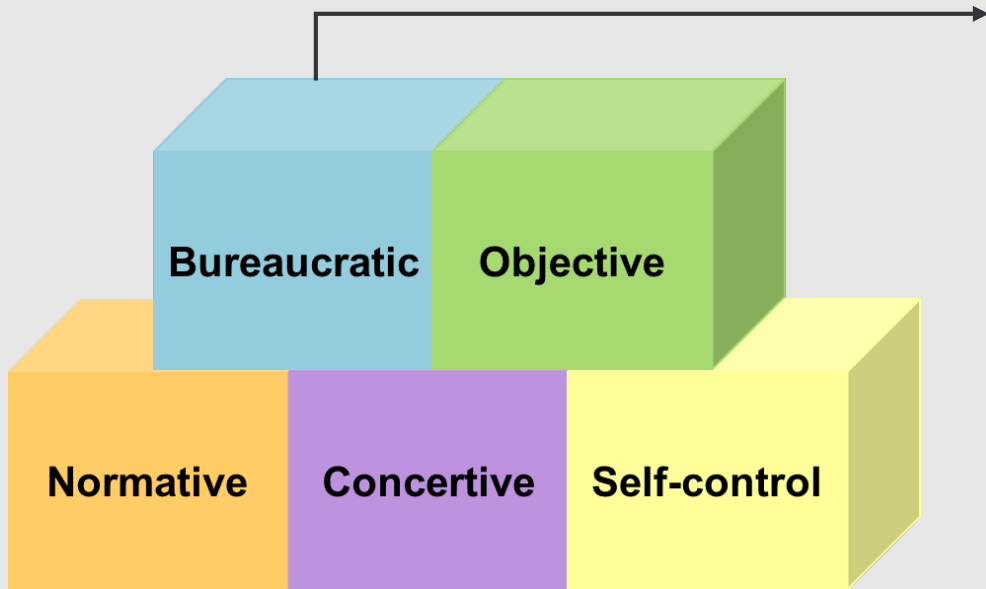
Feedforward control

Monitor performance inputs rather than outputs to prevent or minimise performance deficiencies before they occur

CONTROL METHODS



CONTROL METHODS

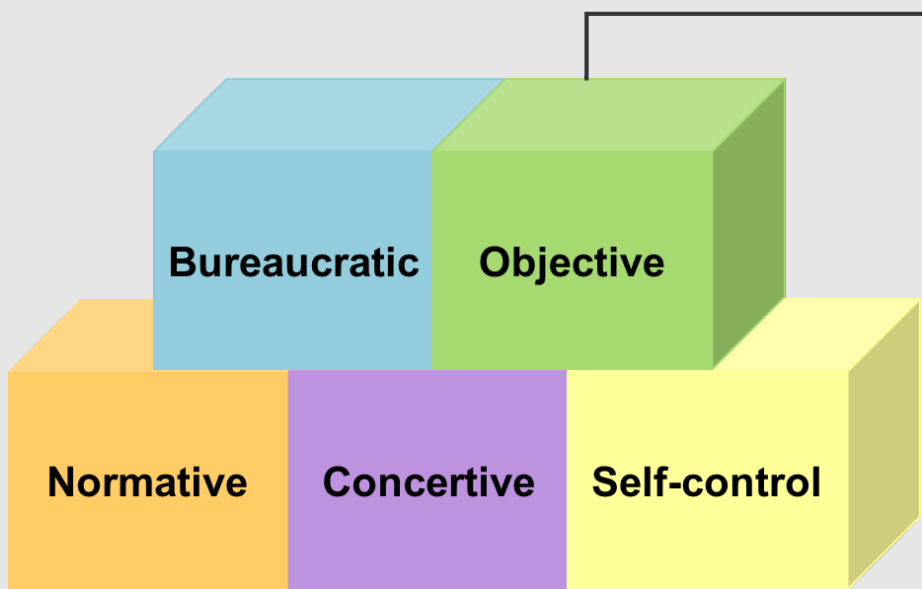


BUREAUCRATIC CONTROL

The use of hierarchical authority to influence employee behaviour by rewarding or punishing employees for compliance or noncompliance with organisational policies, rules and procedures.

- Top-down control
- Use rewards and punishment to influence behaviours
- Use policies and rules to control employees
- Often inefficient and highly resistant to change

CONTROL METHODS



OBJECTIVE CONTROL

The use of observable measures of worker behaviour or outputs to assess performance and influence behaviour.

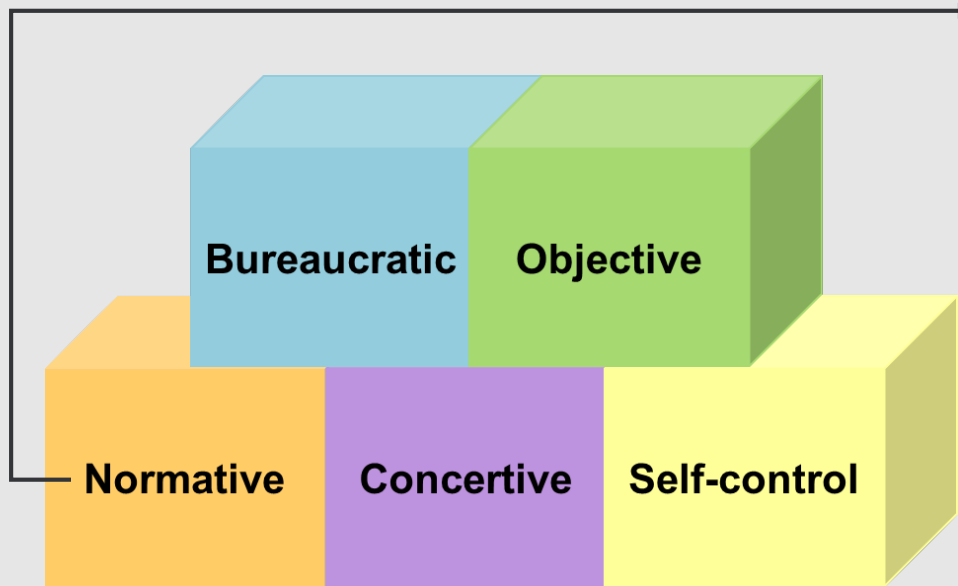
Behaviour control

Regulation of the behaviours and actions that workers perform on the job

Output control

Regulation of workers' results or outputs through rewards and incentives

CONTROL METHODS



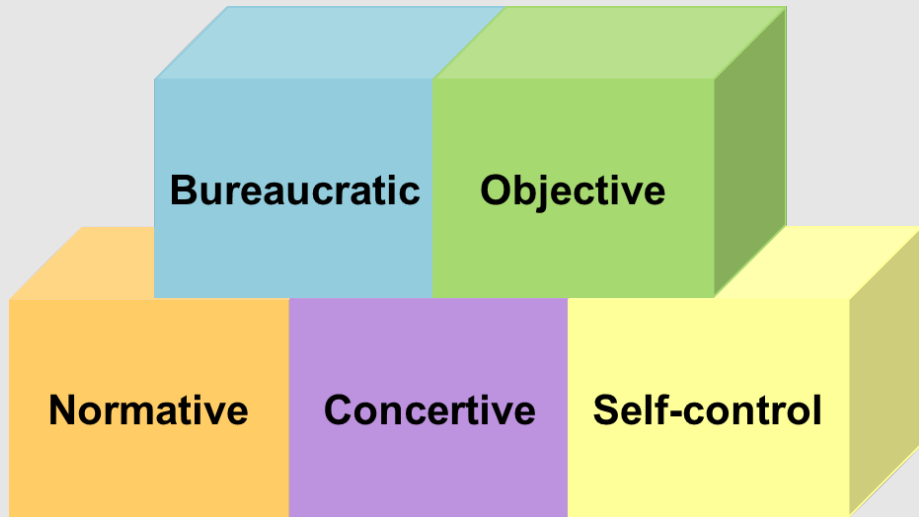
NORMATIVE CONTROL

The regulation of workers' behaviour and decisions through widely shared organisational values and beliefs.

Created by:

- careful selection of employees
- observing experienced employees and listening to stories about the company

CONTROL METHODS



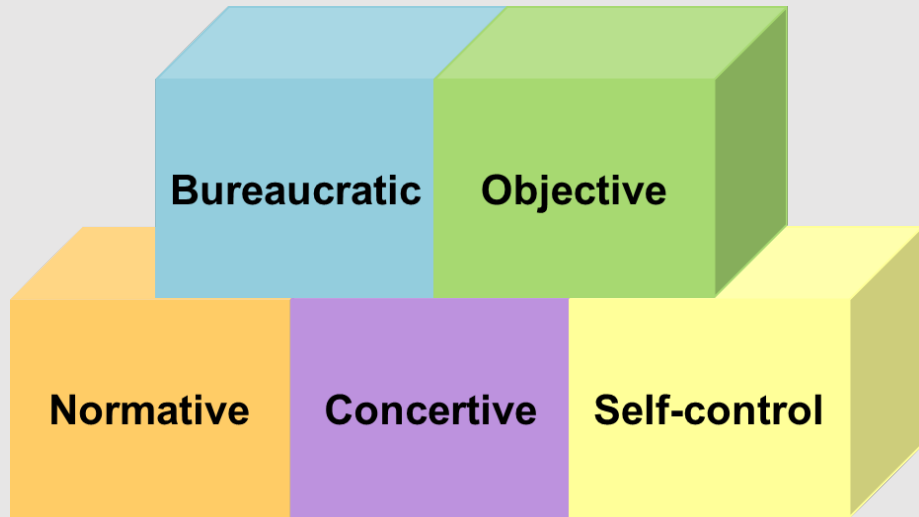
CONCERTIVE CONTROL

The regulation of workers' behaviour and decisions through work group values and beliefs.

Autonomous work groups:

- Operate without managers
- Group members control processes, output and behaviours

CONTROL METHODS



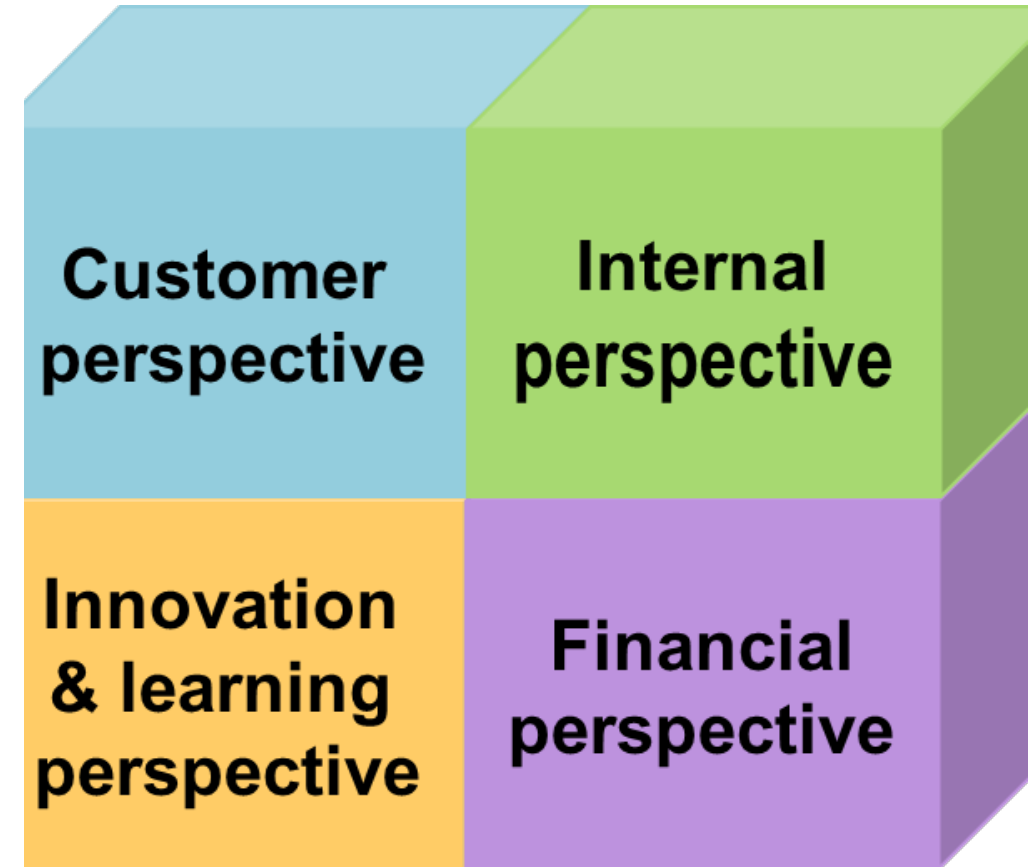
SELF CONTROL

Managers and workers control their own behaviour by setting their own goals, monitoring their own progress and rewarding themselves for goal achievement.

- Also known as **self-management**
- Employees make decisions within well-established boundaries
- Managers teach others the skills they need to maximise work effectiveness
- Employees set goals and monitor their own progress

CONTROL

PART 1



WHAT TO CONTROL?

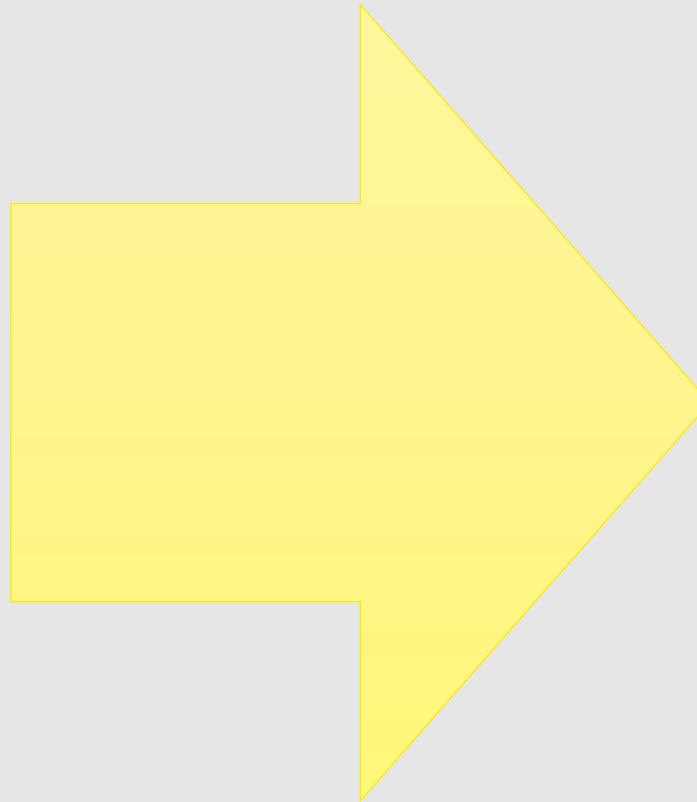
Balanced scorecard

Budgets, cash flow, EVA

Customer defections

Quality

Waste and pollution



THE BALANCED SCORECARD

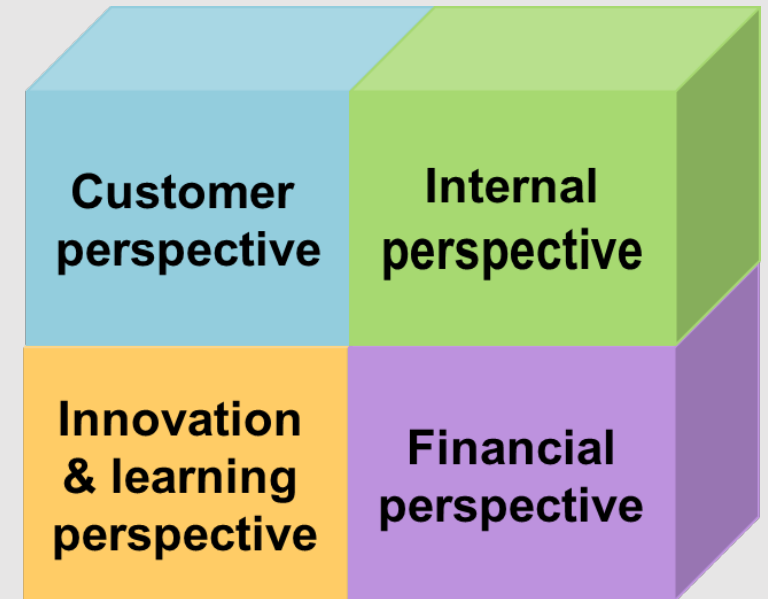
Measurement of organisational performance in four equally important areas:

Finances

Customers

Internal operations

Innovation and learning



THE FINANCIAL PERSPECTIVE

Cash flow analysis

A type of analysis that predicts how changes in a business will affect its ability to take in more cash than it pays out

Balance sheet

An accounting statement that provides a snapshot of a company's financial position at a particular time

Income (profit and loss) statement

An accounting statement that shows what has happened to an organisation's income, expenses and net profit over a period of time

Financial ratio

A calculation typically used to track a business' liquidity (cash), efficiency and profitability over time compared to other businesses in its industry

Budget

A quantitative plan through which managers decide how to allocate available money to best accomplish company goals

THE CUSTOMER PERSPECTIVE

“CONTROLLING CUSTOMER DEFECTIONS”

- Monitoring customer defections:
 - Identify which customers are leaving the company
 - Measuring the rate at which they are leaving
- Obtaining a new customer costs five times as much as keeping a current one
- Customers who have defected are more likely to tell you what you are doing wrong
- Understanding why a customer leaves can help fix problems and make changes

THE INTERNAL PERSPECTIVE

“CONTROLLING QUALITY”

Excellence

Value

Conformance to expectations

CONTROLLING WASTE AND POLLUTION

Good housekeeping

Material/product substitution

Process modification

Levels Of Waste Minimisation

1. Waste prevention and reduction
2. Recycle and re-use
3. Waste treatment
4. Waste disposal

MANAGING PEOPLE - CHAPTER 11

