

“What gets measured happens”

- What is important to know about the control process?



- What are some organizational control systems and techniques?

Control Systems

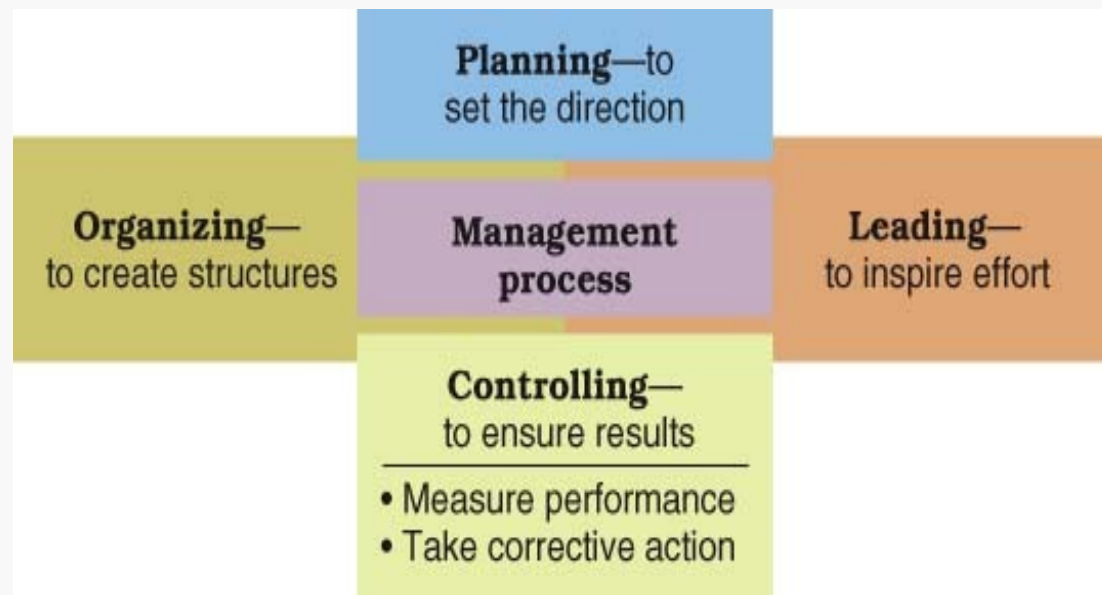
Module Guide 11.1

- **Controlling is one of the four management functions.**
- **Control begins with objectives and standards.**
- **Control measures actual performance.**
- **Control compares results with objectives and standards.**
- **Control takes corrective action as needed.**
- **Control focuses on work inputs, throughputs, and outputs.**

Control Systems

● Controlling

- The process of measuring performance and taking action to ensure desired results



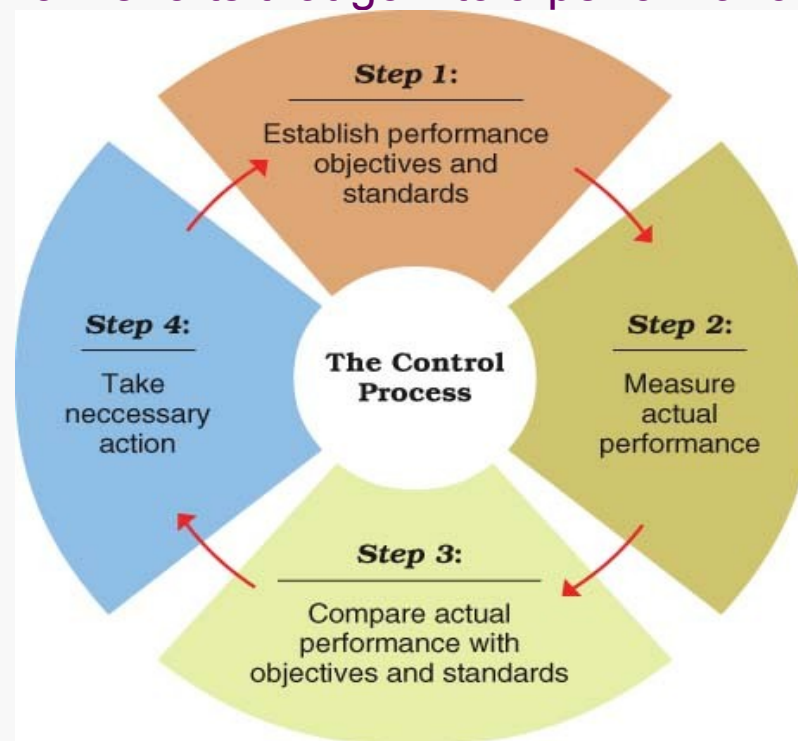
Control Systems

- **Output Standard**

- Measures performance results in terms of quantity, quality, cost, or time.

- **Input Standard**

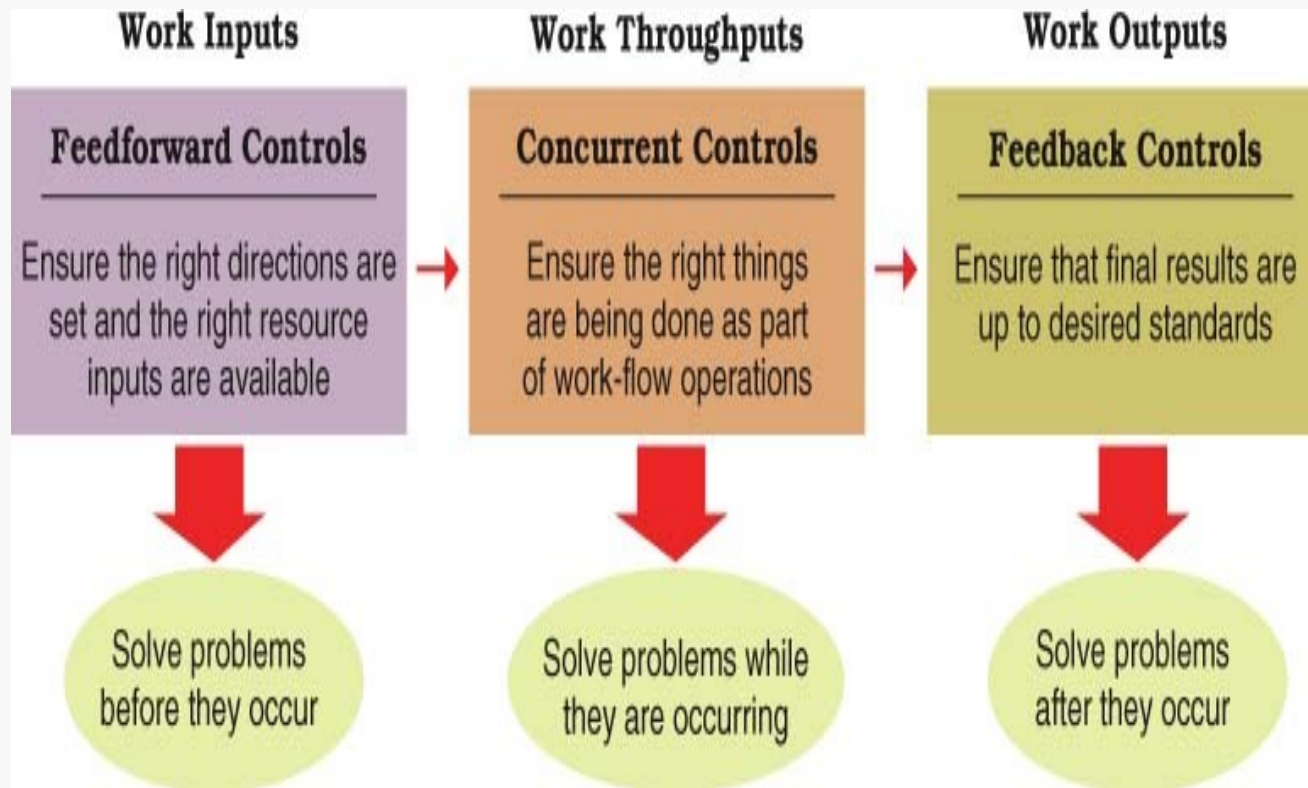
- Measures work efforts that go into a performance task



Types Of Control Systems

- **Management By Exception**
 - Focuses attention on substantial differences between desired and actual performance
- **Feedforward Controls**
 - Ensure the right directions are set and the right resource inputs are available f
- **Concurrent Controls**
 - Ensure the right things are being done as part of work-flow operations
- **Feedback Controls**
 - Ensure that final results are up to desired standards

Types Of Control Systems



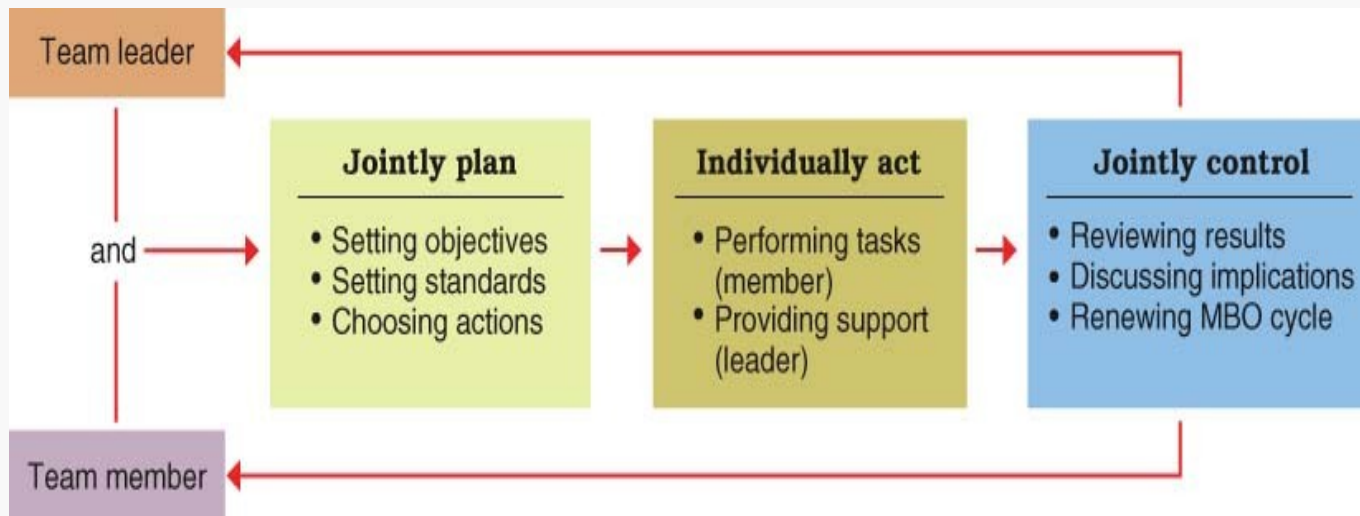
Organizational Control Systems and Techniques

MODULE GUIDE 11.2

- **Control focuses on work inputs, throughputs, and outputs.**
- **Management by objectives integrates planning and controlling.**
- **Employee discipline is a form of managerial control.**
- **Quality control is a foundation for Total Quality Management.**
- **Purchasing and inventory controls help save costs.**
- **Breakeven analysis shows where revenues will equal costs.**

Management By Objectives

- **MBO (Management By Objectives)**
 - A process of joint objective setting between superior and subordinate



Employee Discipline

- **Discipline**
 - is the act of influencing behavior through reprimand.
- **Progressive Discipline**
 - ties reprimands to the severity and frequency of misbehavior.

MANAGEMENT TIPS

- **“Hot stove rules” of employee discipline**
 - • Issue a reprimand immediately. A hot stove burns the first time you touch it.
 - • Direct a reprimand toward someone’s actions, not their personality. A hot stove doesn’t hold grudges, humiliate people, or accept excuses.
 - • Apply a reprimand consistently. A hot stove burns anyone who touches it, and it does so every time.
 - • Provide an informative reprimand. A hot stove lets a person know what to do to avoid getting burned again: “Don’t touch.”
 - • Give the reprimand within a supportive setting. A hot stove conveys warmth but with an inflexible rule: “Don’t touch.”
 - • Support a reprimand with the relevant rules. The Don’t-touch-a-hot-stove rule isn’t a power play, a whim, or an emotion of the moment; it is a necessary rule of reason.

Quality Control

- **Total Quality Management (TQM)**
 - commits to quality objectives, continuous improvement, and doing things right the first time.
- **Quality Circle**
 - is a small group that meets regularly to discuss ways of improving work quality.

Four Absolutes of Quality Control

1. Quality means conformance to standards. Workers must know exactly what performance standards they are expected to meet.
2. Quality comes from defect prevention, not defect correction. Leadership, training, and discipline must prevent defects in the first place.
3. Quality as a performance standard must mean defect-free work. The only acceptable quality standard is perfect work.
4. Quality saves money. Doing things right the first time saves the cost of correcting poor work.

Purchasing And Inventory Controls

- **Purchasing Control**
 - buying what is needed at the right quality, at a good price, and for on-time delivery.
- **Supply Chain Management**
 - uses information technology to link suppliers and purchasers in cost efficient ways.
- **Inventory Control**
 - ensures that inventory is only big enough to meet immediate needs.
- **Economic Order Quantity**
 - places new orders when inventory levels fall to predetermined points.
- **Just-in-time Scheduling**
 - routes materials to workstations just in time for use.

Breakeven Analysis

- **Breakeven Point**
 - is the point at which revenues equal costs
- **Breakeven Analysis**
 - calculates the point at which sales revenues cover costs.

How to Calculate a Breakeven Point

$$\text{Breakeven Point} = \text{Fixed Costs} / (\text{Price} - \text{Variable Costs})$$

Break-even Analysis

