



MEANING OF CONTROLLING

- Controlling means ensuring that activities in an organisation are performed as per the plans.
- Controlling function of management is most important function which is primarily related with evaluating actual performance, if any deviations found then take corrective measures to reduce/overcome those deviations.



MEANING OF CONTROLLING



FEATURES OF CONTROLLING

- It is continuous function of management.
- It is all pervasive.
- It is goal oriented process.
- It depends upon planning.
- Controlling is both backward and forward looking.
- It is action-oriented.



FEATURES OF CONTROLLING

1. Goal oriented:

Controlling is directed towards accomplishment of organisational goals in the best possible manner.

2. Pervasive:

Controlling is an essential function of every manager and exercised at all levels of management. Controlling is performed at all levels and in all types of organisations.

3. Continuous:

It is not an activity to be pursued in the end only; it has to be done on a continuous basis.

4. Controlling is looking back:

Controlling involves measurement of actual performance and its comparison with the desired performance. It is the process of checking and verification.



FEATURES OF CONTROLLING

5. Controlling is forward looking:

It is related to future because it seeks to improve future results on the basis of experience gained in the past.

6. Depends on planning:

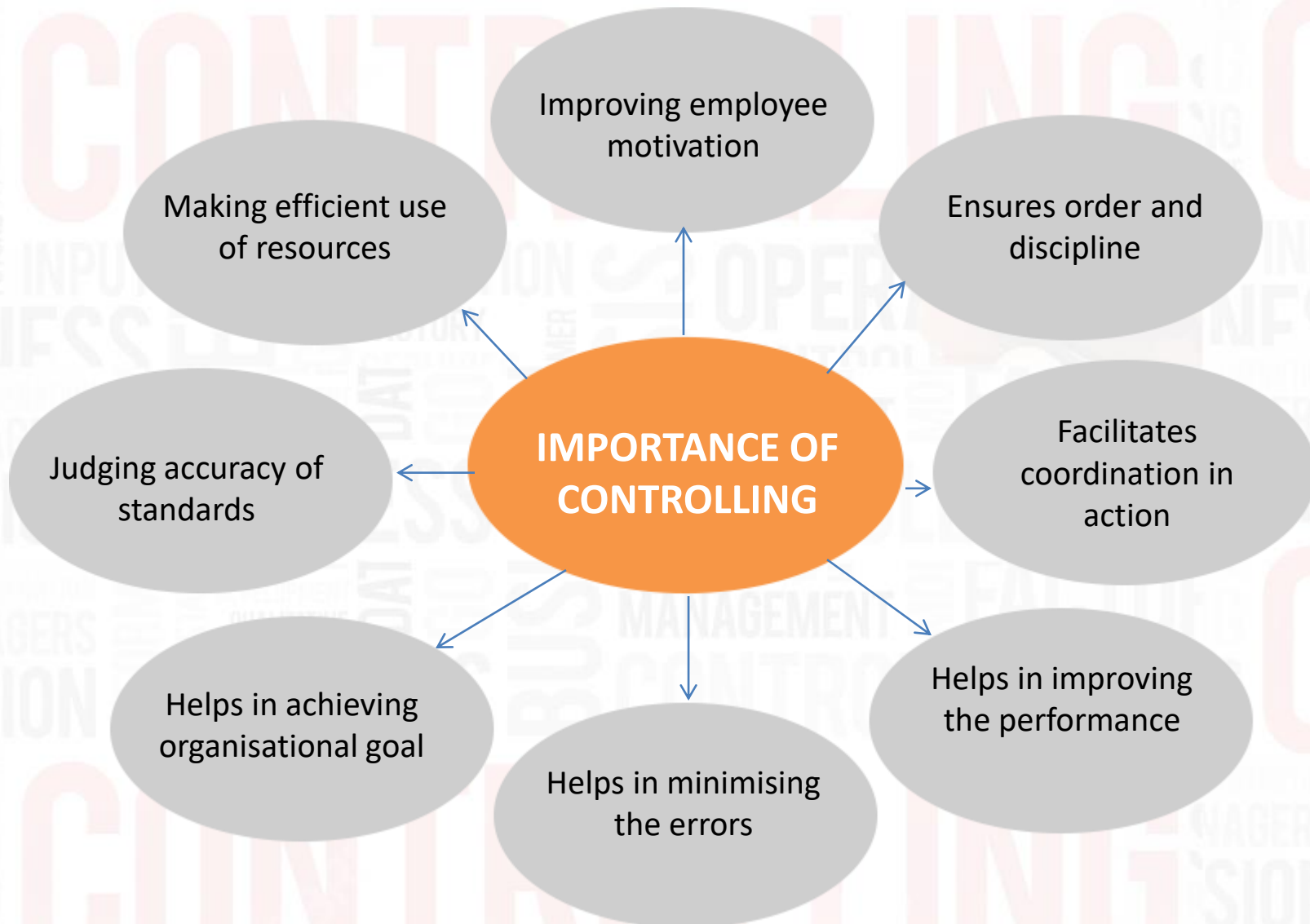
It pre supposes existence of planning because without planning no control is possible.

7. Action oriented :

Control has no meaning if no corrective action is taken; So timely action should be taken to prevent deviations.



IMPORTANCE OF CONTROLLING



IMPORTANCE OF CONTROLLING



1. Controlling helps in achieving organisational goals:

The controlling function measures progress towards the organisational goals and brings to light/indicates corrective action.

2. For Evaluating/Judging accuracy of standards:

A good control system enables management to verify whether the standards set are accurate or not by careful check on the changes taking place in the organisational environment.

3. Making efficient use of resources:

By the process of control, a manager seeks to reduce wastage of resources.

4. Improves employees motivation:

A good control system ensures that employees know well in advance what they are expected to do & also the standard of performance. It thus motivates & helps them to give better performance.



IMPORTANCE OF CONTROLLING

5. Facilitating Coordination in action:

In controlling each department and employee is governed by predetermined standards which are well coordinated with one another. Control provides unity of direction.

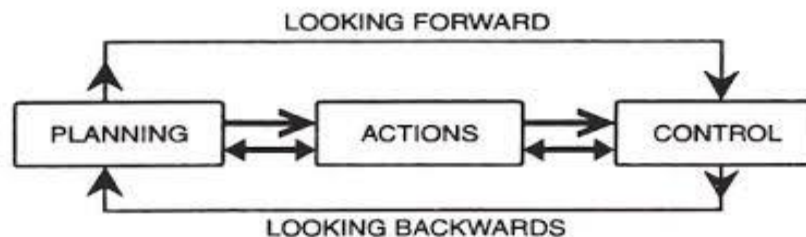
6. Ensuring order and discipline:

Controlling creates an atmosphere of order and discipline in the organisation by keeping a close check on the activities of its employees.

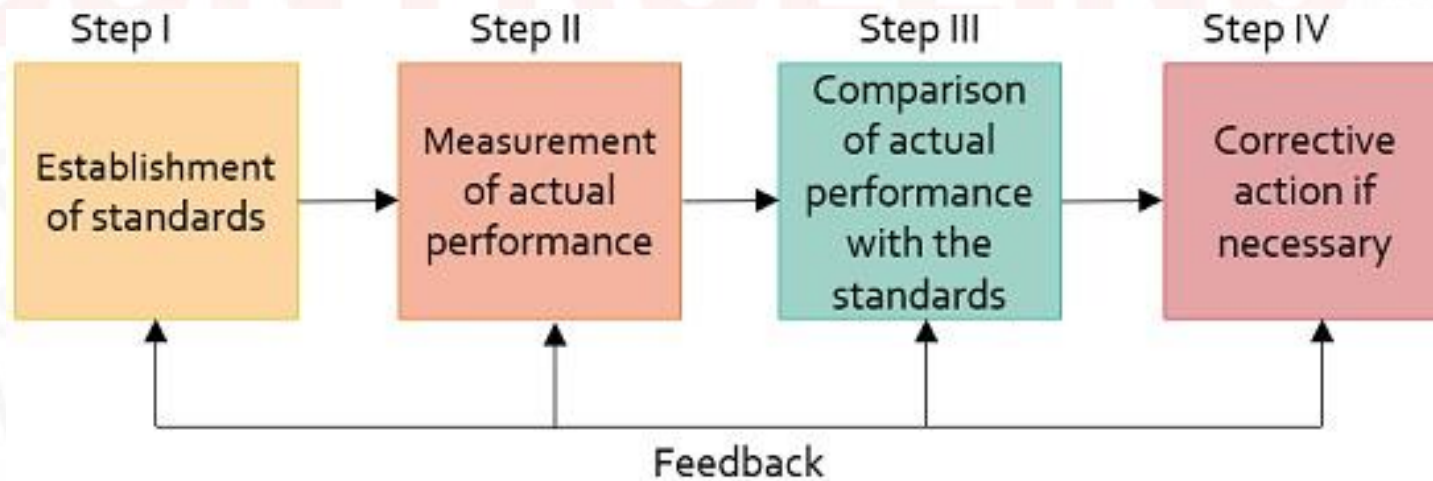


RELATIONSHIP BETWEEN PLANNING AND CONTROLLING

- Planning and controlling are inseparable twins of management. Both are closely related to each other.
- Controlling is done with the help of planned actions and planning is based on controlling function, because plans are based on past events.
- Planning makes controlling easier and effective by providing standards for comparison with actual performance
- Controlling improves future planning by providing information derived from past experience.
- Planning without controlling is meaningless or useless
- Planning is intellectual process whereas controlling is evaluation process.
- Both are backward as well forward looking function.



CONTROLLING PROCESS



1. SETTING PERFORMANCE STANDARDS

- Standards can be set in both quantitative as well as qualitative terms.
- At the time of setting standards, a manager should try to set standards in precise quantitative terms as this would make their comparison with actual performance much easier.
- Standards should be flexible enough to be modified whenever required.



2. MEASUREMENT OF ACTUAL PERFORMANCE

- After setting up of standards the performance of the employees is measured by evaluating the actual work done by the employees.
- Performance should be measured in an objective and reliable manner.
- As far as possible, performance should be measured in the same units in which standards are set as this would make their comparison easier.



3. COMPARING ACTUAL PERFORMANCE WITH STANDARDS

- After measuring of performance the manager compares the actual performance with the planned performance and standard.
- If there is match in both, then, the controlling function end there only.
- But if there is mismatch or deviation, then, the manager tries to find out the extent of deviation.
- If the deviation is minor then it should be ignored otherwise timely actions must be taken.



4. ANALYSING DEVIATIONS

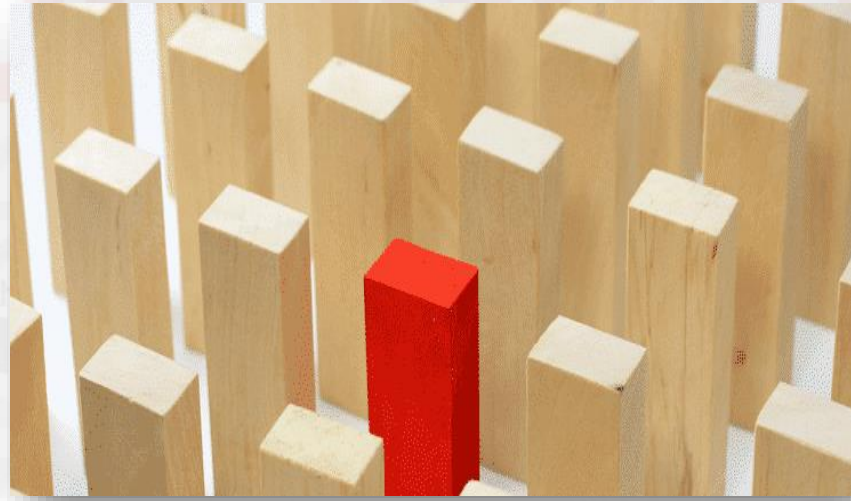
- All deviations need not to be brought to the notice of top management.
- A range of deviations should be established and only cases beyond this range should be brought to the knowledge of top level management.
- These deviations should be classified as one's which are to be attended urgently and the others which can be ignored or are not to significant.



Techniques of Analysing Deviations



**CRITICAL POINT
CONTROL**



**MANAGEMENT
BY EXCEPTION**



CRITICAL POINT CONTROL

- It means keeping focus on some key areas and if there is any deviation in these key areas, then it must be attended urgently.
- Key areas are those which have impact on whole organization.
- e.g. if there is increase in production cost by Rs. 5 per unit and there is increase in postal cost by Rs. 20, then more focus should be to find out reasons for increase in cost of production as it will affect the profit and future revenue of organization whereas postal cost is incurred rarely and managers have no control over postal cost.



MANAGEMENT BY EXCEPTION

- It means the manager who tries to control every thing may end up controlling nothing.
- The deviations which are beyond the specific range should only be handled by managers and minor deviations can be ignored.
- Manager should not waste his time and energy in finding solutions for minor deviations rather he should concentrate on removing deviations of high degree.



4. TAKING CORRECTIVE ACTION

- The final step in the controlling process is taking corrective action.
- When the deviations go beyond the acceptable range, especially in the key result areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished.
- However, no corrective action is required when the deviations are within acceptable limits.



