

Controlling

Subject: Business Management

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meaning

- Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates.
- In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans.
- Controlling also ensures that an organization's resources are being used effectively & efficiently for the achievement of predetermined goals.

Definition

- "**Management** Is a distinct process consisting of planning, organising, actuating and **controlling**; utilising in each both science and art, and followed in order to accomplish pre-determined objectives."

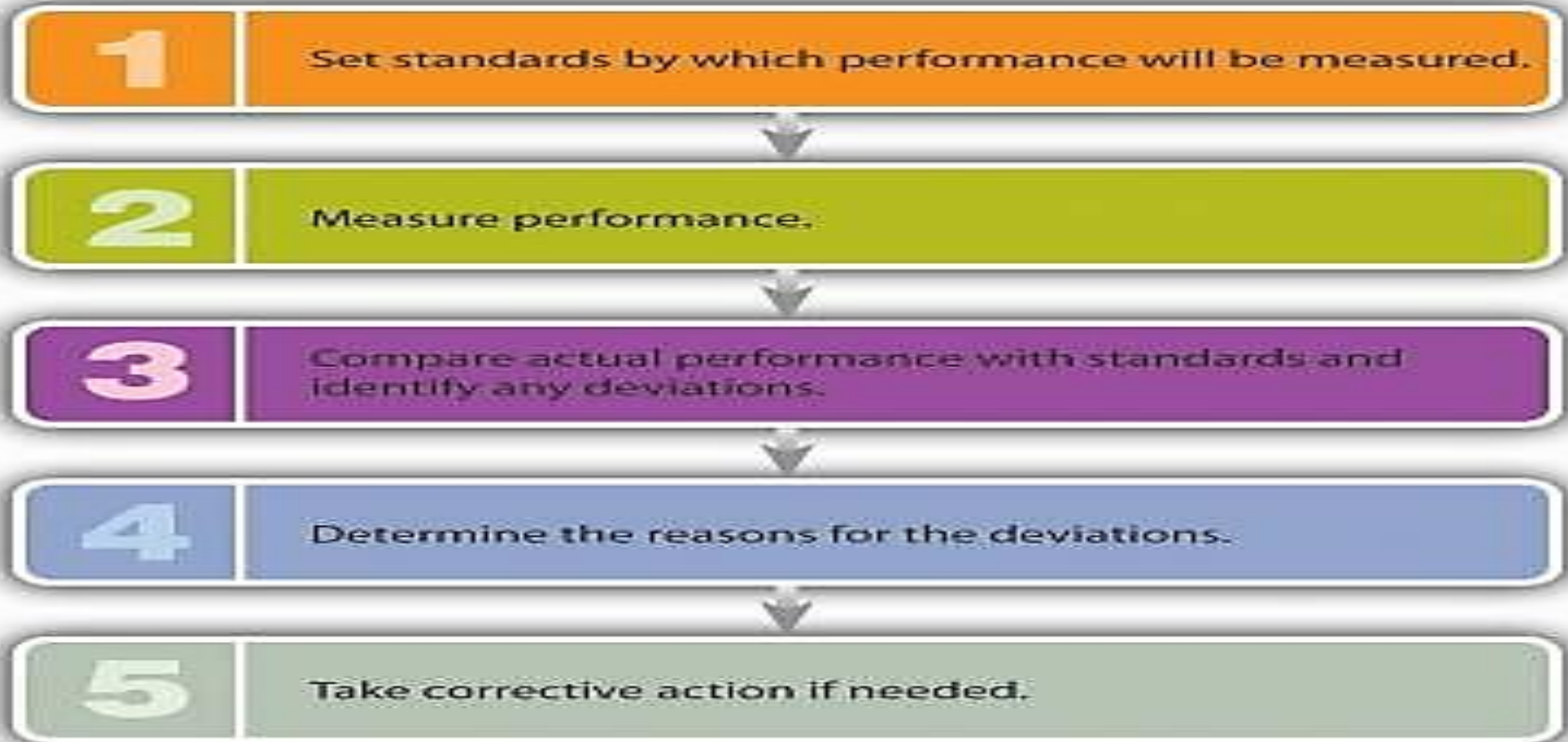
Features of controlling

- Continuous process
- Management function
- Corrective process
- Related to planning
- Flexible
- Setting standards
- Delegation of authority

Importance of control

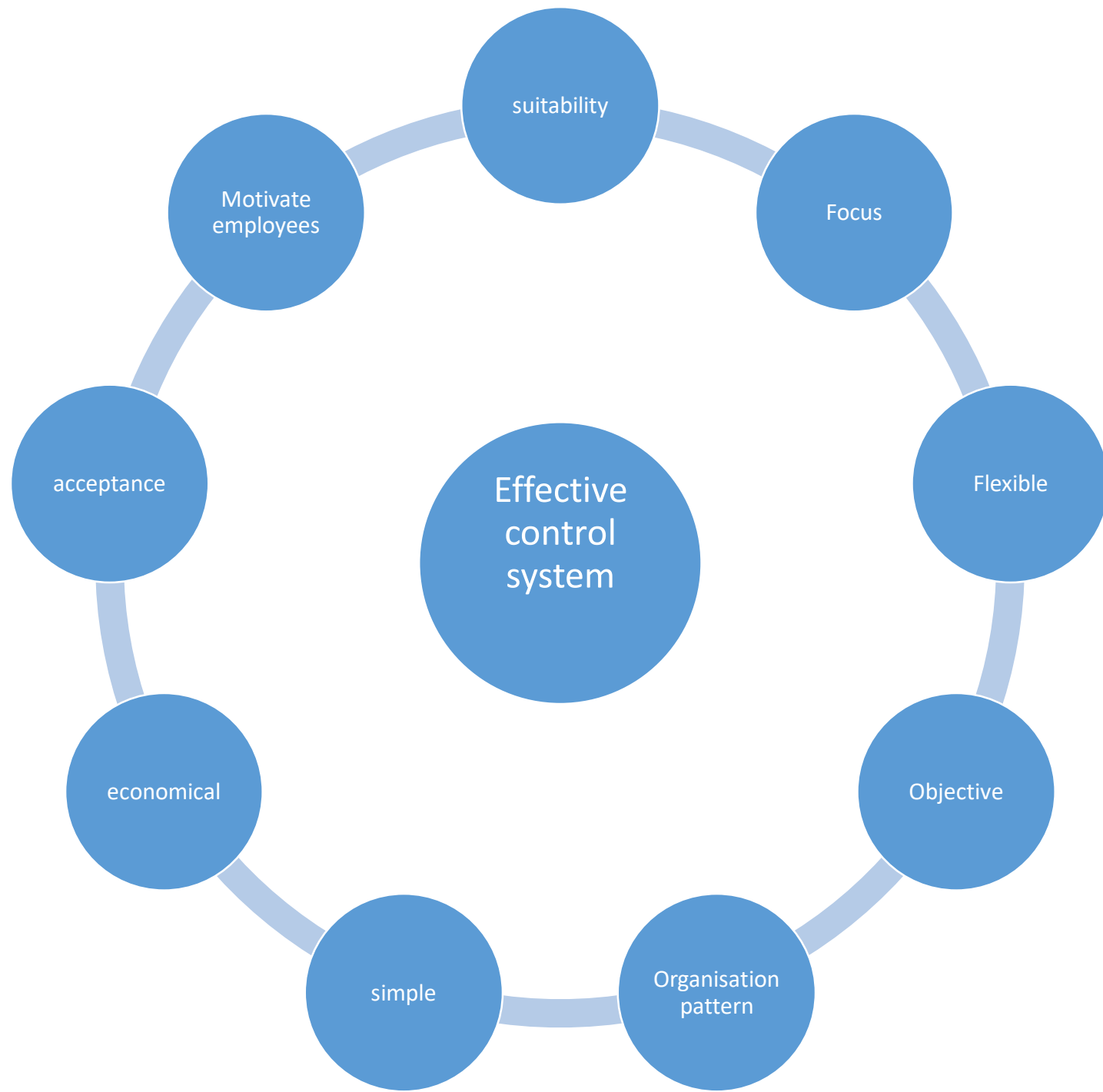
- Effective execution
- Helps in delegation of authority
- Facilitates decentralization
- Co-ordination
- Basis for future action
- Regulates the organisation
- Efficiency in evaluation
- Pressure for better performance

Steps in controlling

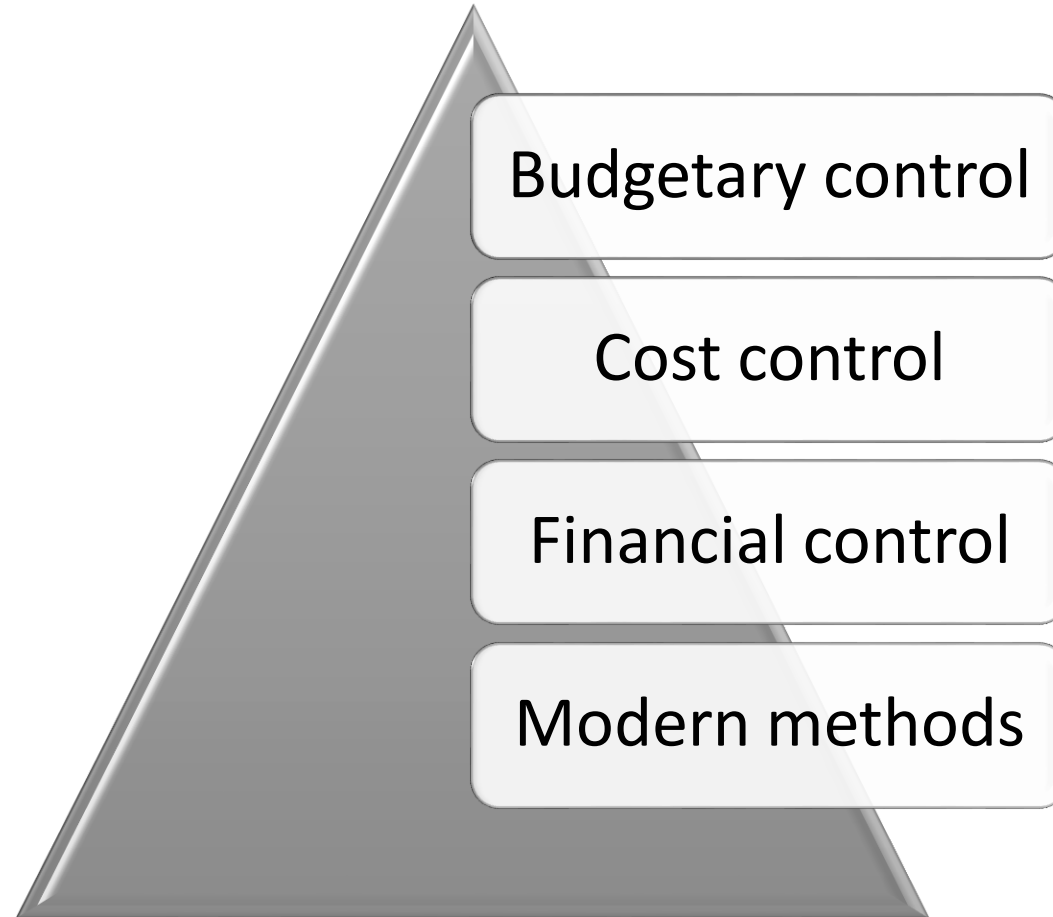


Objectives of control

- To ensure that the work progress as planned
- To detect deviations
- To evaluate the efficiency
- To make sure all the activities are performed according to the pre determined plans
- Revise the plans on the basis of deviation occurred.



Control techniques



Budgetary control

- The technique of managerial control by budget is known as budgetary control. It is applied in a firm to evaluate the performance in terms of budgeted goals

Definition

- “Budget is an estimate of future needs arranged according to an orderly basis covering some or all of the activities of an enterprise for a definite period of time”

- George. R. Terry

“Budgetary control is a system which uses budget as a mean of planning and controlling all aspects of producing and selling commodities or services”

- J. Batty

Requisites for effective budgetary control

- Objective
- Budget manual
- Budget committee
- Budget period
- Flexibility of budgets
- Coordination and cooperation
- Employee participation
- Adequate and appropriate accounting
- Determination of key factors
- Reporting

Advantages Of Budgetary Control

- Profit Maximization
- Clarity of Objectives
- Delegation of authority and responsibility
- Best Utilization of resources
- Team spirit and co-operation
- Intelligent consideration of future activities

Limitations Of Budgetary Control

- Budgets are based on estimates
- Budget is a not a substitute of management
- Time effect
- Budgeting is not an automatic process
- Rigidity in control

Cost control

- **Cost control** is the practice of identifying and reducing business expenses to increase profits, and it starts with the budgeting process.
- **Cost control** is an important factor in maintaining and growing profitability.

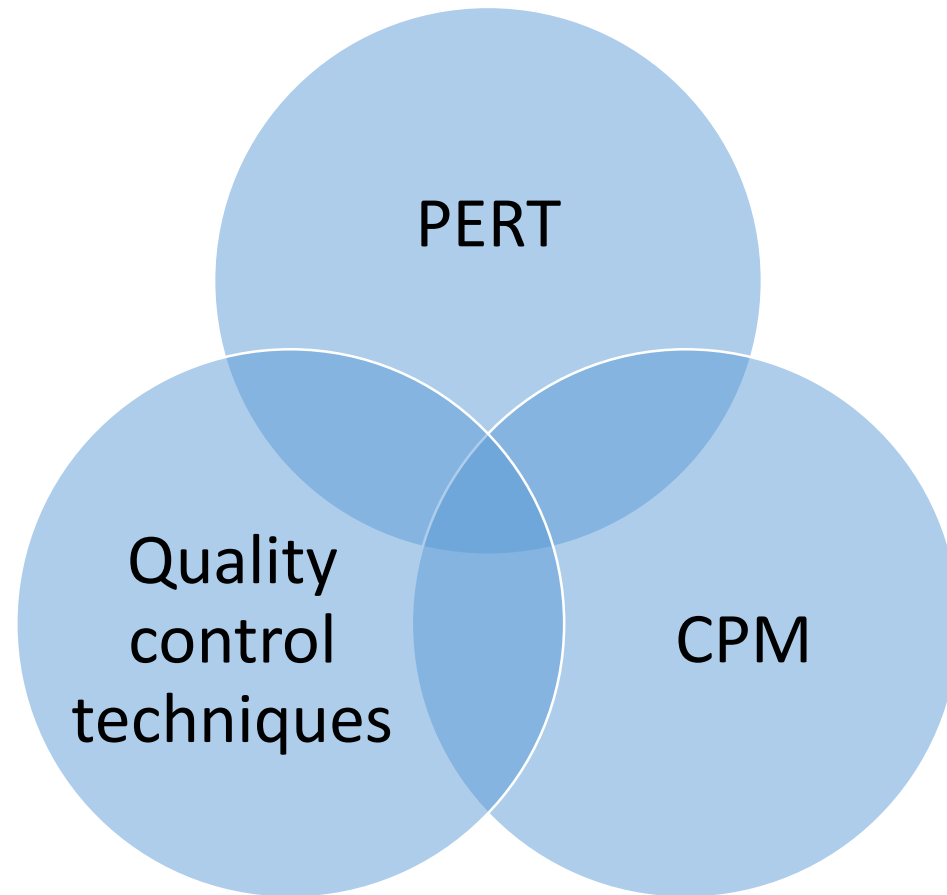
Cost control techniques

- Cost analysis
- Cost accounting
- BEP
- Budgetary control
- Standard costing

Financial controls

- **Financial control** refers to the systems implemented in place to trace the directed resources of an organization with timely monitoring and measurement.
- *Comparative financial statements*
- *Financial ratios*

Modern methods



PERT

- Developed by the US Navy for the planning and control of the Polaris missile program The emphasis was on completing the program in the shortest possible time.
- PERT Developed by Du Pont to solve project scheduling problems

PERT

- PERT is a method of analyzing the tasks involved in completing a given project, especially the time needed to complete each task, and to identify the minimum time needed to complete the total project.
- PERT was developed primarily to simplify the planning and scheduling of large and complex projects

CPM

The **Critical Path Method** or **CPM** is a network analysis technique concerned with planning and controlling of complex, but routine projects. Simply, Critical path method is generally used for the projects whose time duration is known with certainty and also the amount of resources required for the completion of the project is assumed to be known.

Quality control techniques

- Means of which product of uniform quality are manufactured.
- Inspection
- Statistical quality control