Unit-Six

Controlling

Concept and Purpose

Meaning: it is the process of monitoring performance and taking corrective action to ensure desired results; it involves setting standard, measuring actual performance, comparing actual performance with standard and taking corrective actions if any deviation exists between them; it does not mean to bind the actions and point mistakes only, but overcome such mistakes in upcoming future

Purpose:

1. To ensure goal achievement
2. To locate the deviation between actual performance and standard
3. To identify causes of the deviations
4. To take corrective action to keep actions in right track
5. To increase efficiency by minimizing cost, saving time and effort
6. To maintain discipline among employees
7. To facilitate better coordination among units, individual and activities

Process of control

- **Establishment of standard;** controlling begins with setting objectives in planning which is establishing standard; it is the desired result of the organization

- **Measurement of actual performance;** in second step, managers should measure the actual performance of subordinates on regular basis to know accurate output; it helps to ensure that plans, programs etc. are going implemented properly

- **Comparing performance with standards;** measured actual performance should be compared with standards; it is essential to identify differences between them; if performance matches with standard, the control process stops, otherwise it goes to next step

- **Taking corrective action;** this final step is necessary to correct or improve the wrong things; the reasons behind the variation should be determined and corrective actions to be taken as training, review of plan and policies, change in resources and standards etc.

Types of Control System

- **Pre-control;** it is conducted before starting the activity and also called preliminary or feed-forward or preventive control; it involves checking the inputs, plans, policies, procedures etc. to prevent default before getting output

- **Concurrent Control;** it is conducted at transformation stage and also called steering control; it concentrates on what happens during the work process; it monitors the ongoing operation to ensure the expected result; direct supervision is the best example of concurrent control

- **Post-control;** it is corrective control and also called feedback control; it takes place after completion of activity; financial statement analysis, performance appraisal etc. are examples of post control

Essentials of effective Control System

- **Suitability;** should be suitable as per requirement
- **Simplicity;** should be simple to understand by the concerned people
- **Objectivity;** there should be distinct purpose for controlling
- **Economical;** control activities must be less costly than its benefits
- **Suggestive;** must provide suggestion for improvement and correction
- **Flexibility;** should be adjustable as per environment and requirement
- **Future oriented**; should be able to identify current weaknesses and provide lesson for better future
- **Timeliness;** should be conducted in proper time

Tools and Techniques for Controlling

- **Self-control;** providing autonomy to person to set goal, evaluate self-performance and take corrective action

- **Direct Supervision;** observing the activities of subordinates by superiors

- **Financial Statements;** comparing financial statements such as income statement, balance sheet of previous years with present figures

- **Management by Objectives;** a comprehensive technique for planning and controlling which helps achieving goal by increasing employee participation and commitment; both executive and subordinates jointly set goals and responsibility in terms of result expected from them

- **Management Audit;** an important tool to evaluate the management as a whole which critically examine the whole management process by team of experts

- **Management Information System;** it collects, analyses, maintains and delivers reliable and current data to managers which supports control

Quality: Concept and Importance

- Perception of excellence viewed by customers to satisfy their needs

- Perceived by evaluating one or more dimensions such as performance, reliability, conformance, durability, serviceability, etc.

- According to John Steward, *"Quality is a sense of appreciation that something is better than something else."*

Importance:

- Improving competitive strength; satisfies the customer's needs so that they always prefer the product or services

- Improving goodwill; reflects the image of the organization as satisfied customers always put the producer at the top rank

- Improving productivity; once quality of the product is established organization becomes able to produce maximum output utilizing minimum inputs

- Increasing market; increases the number of customers

- Improving cost effectiveness; beneficial to minimize defects, wastage and leakage

TOTAL QUALITY MANAGEMENT (TQM)

Concept; TQM is a holistic approach to long term success of organization through continuous improvement in all aspects of organization process; a strategic commitment of top level for continuous improvement in overall quality of organization through changes in attitude, practices, structure and system; it is believed that there is no limited scope for quality improvement

Components;

1. **Strategic commitment:** requires strategic commitment of top level
2. **Employees involvement:** needs employees involvement in major managerial functions
3. **Resources:** quality of resources greatly affect the TQM
4. **Technology:** refers to procedures and tools used in production process
5. **Customers satisfaction:** TQM must focus on customers satisfaction

Principles of TQM

- **Continuous improvement:** continuous improvement in all aspects of organization is needed for TQM

- **Encouraging team work:** management should give priority to team work

- **Employee involvement:** employee participation is necessary for TQM

- **Focus on customer:** focus should be provided to customers' satisfaction

- **Effective communication:** two way communication should be maintained

- **Effective leadership:** superior should be supportive and friendly to subordinates for employees satisfaction

- **Focus on system approach:** management should develop rules, regulations and procedures to perform job in better way; all members from top to bottom level need to follow the working system

Tools/ Methods of TQM

- **Benchmarking:** process of learning, measuring and adapting outstanding practices and processes from best class organization to improve performance

- **Outsourcing:** practice to enjoy the expertise service in organization by contracting out specified job or program to improve quality and minimize cost

- **Speed:** increasing speed will give organizations competitive advantage involving not only faster activities but also rethinking and redesigning whole business process

- **ISO 9000:** consists set of standards to make agreement on international quality standard providing quality assurance requirements and quality management guidance

- **Statistical quality control:** set of specific statistical techniques which is applied to monitor the quality of goods and services

Emerging Issues in Quality Management

- **Redesign Organizational Structure;** needs to replace the traditional organizational structure by modern structure to enhance efficiency

- **Workforce Diversity;** modern organization is becoming more diverse in terms of employees

- **Motivation and Employee Empowerment;** needs to empowering and motivate employees by using proper technique and sharing decision making power

- **Innovation and Change;** to fulfill changing needs of stakeholders innovation and change in management is necessary.

- **Knowledge Management;** accumulating new ideas and knowledge, analysis and disseminating them properly as per requirement is essential to improve the quality

- **Technological Development;** management must identify and predict the ever developing technology adapting the new technology is essential to grab opportunity for quality improvement

- **Assurance of Total Quality Management;** it is not sufficient only improving the quality of product of organization but also fulfill the needs of stakeholders

Production And Operation Management

- Branch of management that deals with the creation of goods and services through the application of principles of management

- Production management Involves planning, organizing, directing and controlling the activities that concern with production of goods to meet the needs of customers

- Operation management is branch of quantitative approach and concerned with managing day to day conversion process to ensure smooth operations within organization

- Main aim of these functions is to provide desired utility (ie. Form, time, place)to meet customer's need

- Includes activities like plant layouts, material handling, product design, quality control, etc.

Supply Chain Management

- It is the proper arrangement of flow of goods and services to the clients

- It involves the movement and storage of raw materials, work-in-process inventory and finished goods from point of origin to point of consumption

- It is an integrative approach to manage the total flow of a distribution channel from producer to ultimate user

- It includes a network of suppliers that move goods and services from suppliers of raw materials to the consumers

- It facilitates the timely and accurate supply of goods and services

Kaizen and Six Sigma

Kaizen: The Japanese word, Kaizen, stands for improvement or positive change.

- It is based on five basic ideas: teamwork, personal discipline, improved morale, quality and suggestions for improvement.

- It focuses on continuous improvement of quality of goods and services as per changing needs of customers.

- Quality control, just-in-time delivery, standardized work, efficient use of equipment and elimination of waste are the guiding philosophies of Kaizen

Six Sigma: It is a fact based , process focused, and dada driven, philosophy of quality management for eliminating defects (Driving toward six-S.D., 3-4 defects per million)

- It is measures of the variation in data set collected about the process. It is a quality control methodology developed by Motorola , Inc.:

- It follows five steps of approach DMAIC to ensure the 0-defects. DMAIC stands for define , measure, analyze, improve and control.

The Japanese 5s Practice.

- 5S is the abbreviation of 5-Japanese words (Seire, Seiton, Seiso, Seiketsu and Shitsuke). It is a workplace management methods first implemented by Toyota Corp..

- Seire (sort): Sorting is the going through all contents of workplace to determine which are needed and which can be eliminated. It helps to maintain cleanliness.

- Seiton(Set in order): It focuses on the right place for everything (men, machine, materials, most be placed in designated area) to save time from unnecessary movements

- Seiso (Shine): It focuses on removing waste and dust from workplace.

- Seiketsu (Standardize): It is concerned with establishing constant schedule, rules, regulations, for regular standardization of workplace.

- Shitsuke(Sustain): It is concerned to continuous and sustainable improvement of workplace by implementing good behavior and habits to maintain the standards.

Technology Management

- It is set of management discipline that allows enterprises to manage their technological fundamentals to create competitive advantages

- Technology refers to the systematic application of knowledge to convert raw materials into finished goods

- It is concerned to keeping in touch and adaption of new technology in the concerned area of business

- The use of new technology supports to draw the attention of customers, to minimize cost of production, and to expand market in international level

- Most of successful organizations use advanced, automated and robotic technology for expanding their markets worldwide

Management Information System(MIS) and IT

- MIS is a system that collects data, process and analyze it in a useable form and disseminate it to the manager of various levels as per requirement

- Formal and systematic method of making available to management accurate and timely information in order to facilitate decision making

- Provides information about past, present and predicted future on a regular basis

- MIS converts collected raw data into usable information that management can use any time

- Information Technology is the use of computers to store, retrieve, manipulate and disseminate information