

Management & Organizational Behavior

Controlling

Effective Goal Characteristics

- Specific
- Measurable
- Acceptable
- Realistic, but challenging
- Timeframe
- Address key result areas

Effective Goal Characteristics

- Specific & Measurable
 - Run the Boston Marathon (26 miles)
 - Get an A in BUAD309
 - Reduce waste

Effective Goal Characteristics

- Specific & Measurable
 - Run the Boston Marathon (26 miles)
 - Get an A in BUAD309
 - Reduce waste by 20%

Effective Goal Characteristics

- Specific & Measurable
 - Run the Boston Marathon (26 miles)
 - Get an A in BUAD309
 - Reduce waste by 20%
 - Increase sales

Effective Goal Characteristics

- Specific & Measurable
 - Run the Boston Marathon (26 miles)
 - Get an A in BUAD309
 - Reduce waste by 20%
 - Increase sales 10%
 - Expand collegial network

Effective Goal Characteristics

- Specific & Measurable
 - Run the Boston Marathon (26 miles)
 - Get an A in BUAD309
 - Reduce waste by 20%
 - Increase sales 10%
 - Expand collegial network by joining a professional organization and attending the meetings monthly

Effective Goal Characteristics

- Acceptable
- Realistic, but challenging

Goals Exercise

- Instructions
 - Please list objects or things that can be described by an adjective.
 - 3 trials (3 different adjectives)

Goals Exercise

- 3 Rules
 - Do not repeat objects in the same category.
 - Nonsensical responses are NOT acceptable.
 - You MAY use abstract words

Goals Exercise

- 3 Goals
 - Your goal for this exercise is to list 12 objects per trial.
 - Your goal for this exercise is to list at least 4 objects per trial.
 - Try your best. List as many objects as you can for each trial.

Adjectives

- Hot
- Round
- Strong

Results

	12	4	Best
• Hot	8.5	7	5.4
• Round	7	6.5	5.6
• Strong	5.5	5.75	5.4
• Avg	7	6.42	5.5

Challenging Goals Result in Higher Performance

Average across 3 groups of 3 trials each
(using same adjectives)

Goal	12	Best	4
Avg	6.5	6.14	5.24

Effective Goal Characteristics

- Acceptable
- Realistic, but challenging
- Timeframe

Effective Goal Characteristics

- Timely
 - Run the Boston Marathon (26 miles)
 - Get an A in BUAD309 this semester
 - Reduce waste by 20% this year
 - Increase sales 10% this year
 - Expand collegial network by joining a professional organization and attending the meetings monthly this year

Effective Goal Characteristics

- Acceptable
- Realistic, but challenging
- Timeframe
- Address key result areas

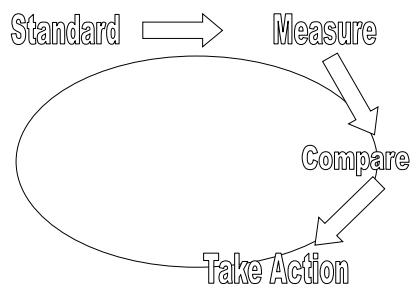
Controlling

- Function of management
- The process of measuring performance and taking action to ensure desired results
- Monitoring – to ensure that the right things happen, in the right way, at the right time
- Linked to planning

4 Step Control Process

- Step 1—establish objectives and standards
- Step 2—measure actual performance
- Step 3—compare results with objectives and standards
- Step 4—take corrective action as needed

Control Process



Control Process: Step 1

- Establishing objectives and standards
 - Output standards
 - Measure performance results in terms of quantity, quality, cost, or time.
 - Input standards
 - Measure effort in terms of amount of work expended in task performance.

Control Process: Step 2

- Measuring actual performance
 - Goal is accurate measurement of actual results on output and/or input standards.
 - Effective control requires measurement.

Control Process: Step 3

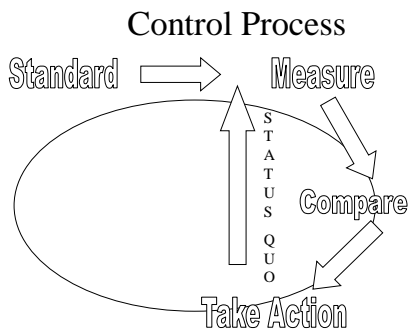
- Comparing results with objectives and standards
 - Control equation
 - Need for action reflects the difference between desired performance and actual performance

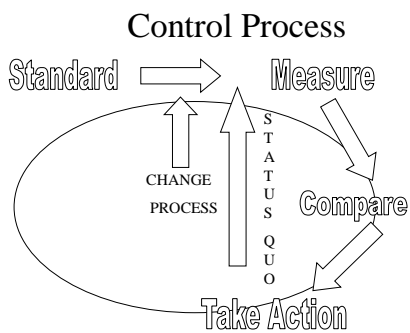
Control Process: Step 3

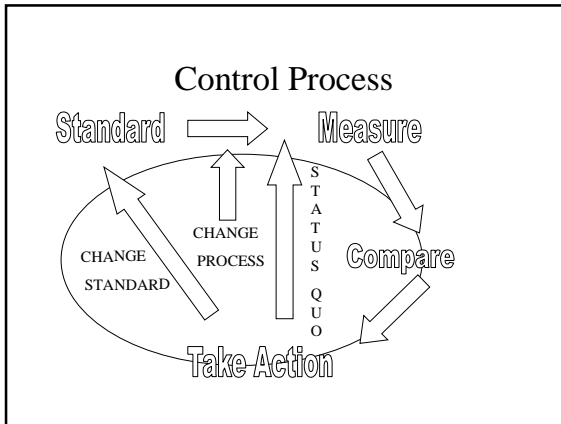
- Comparing results with objectives and standards
 - Methods of comparing desired and actual performance
 - Historical comparison
 - Relative comparison
 - Engineering comparison
 - Benchmarking using different comparison methods

Control Process: Step 4

- Taking corrective action
 - Taking action when a discrepancy exists between desired and actual performance
 - Management by exception
 - Giving priority attention to situations showing the greatest need for action
 - Problem situations & Opportunity situations







- ### Effective Control Characteristics
- Identify critical exceptions at important points
 - Timely
 - Accurate - reliable, valid
 - Economical
 - Corrective action

- ### Feedforward Controls
- Preventive controls - employed before a work activity begins
 - Ensures that:
 - Objectives are clear.
 - Proper directions are established.
 - Right resources are available.
 - Focuses on quality of resources.

Concurrent Controls

- Corrective controls - focus on what happens during work process.
- Monitor ongoing operations to make sure they are being done according to plan.
- Can reduce waste in unacceptable finished products or services.

Feedback Controls

- Corrective controls - take place after work is completed
- Focus on quality of outcomes.
- Provide useful information for improving future operations.

Approach to Control

- a. An ounce of prevention is worth a pound of cure.
b. Do it now, fine-tune the results later.
- a. A good quality product depends on careful inspection to uncover and correct minor or major defects.
b. Quality in a product must be designed into the item through the production process; it can't be added on.

Approach to Control

- a. High standards and continual examination of output to see that standards are met; this is the “quality key.”
b. Precise specifications that are part of production operations; that is the “quality key.”
- a. A stitch in time saves nine.
b. Action with error is better than inaction.

Approach to Control

- a. Good engineering design is the best insurance for achieving high output quality.
b. Careful inspection to tight specifications is the best guarantee of high quality output.

Approach to Control

- a. An ounce of prevention is worth a pound of cure.
preventive
b. Do it now, fine-tune the results later.
corrective
- a. A good quality product depends on careful inspection to uncover and correct minor or major defects.
corrective
b. Quality in a product must be designed into the item through the production process; it can't be added on. preventive

Approach to Control

- a. High standards and continual examination of output to see that standards are met; this is the “quality key.”
corrective
- b. Precise specifications that are part of production operations; that is the “quality key.”
preventive
- a. A stitch in time saves nine.
preventive
- b. Action with error is better than inaction.
corrective

Approach to Control

- a. Good engineering design is the best insurance for achieving high output quality.
preventive
- b. Careful inspection to tight specifications is the best guarantee of high quality output.
corrective

Internal & External Control

- Internal control
 - Allows motivated individuals and groups to exercise self-discipline in fulfilling job expectations
- External control
 - Occurs through personal supervision and the use of formal administrative systems

Organizational Control Systems

- Compensation and Benefits
- Employee Discipline Systems
- Financial Controls
- Purchasing Controls
- Inventory Controls
- Statistical Quality Control

Compensation and Benefits

- Attractive and competitive base compensation results in ...
 - Attracting and keeping a qualified workforce
 - Having capable, motivated workers who exercise self-control.
- Unattractive and uncompetitive base compensation results in ...
 - Attracting a less qualified workforce.
 - Greater need for external controls.

Compensation and Benefits

- Attracting and keeping qualified employees who exercise self-control can be helped or hindered by ...
 - Merit pay incentives
 - Pay-for-performance incentives
 - Fringe benefits

Employee Discipline Systems

- Discipline is the act of influencing behavior through reprimand.
- Progressive discipline ties reprimands to the severity and frequency of the employee's infractions.

Employee Discipline Systems

- To be effective, reprimands should ...
 - Be immediate.
 - Be directed toward actions, not personality.
 - Be consistently applied.
 - Be informative.
 - Occur in a supportive setting.
 - Support realistic rules.

Financial Controls

- Liquidity - ability to generate cash to pay bills
- Leverage - ability to earn more in returns than the cost of debt
- Asset management - ability to use resources efficiently and operate at minimum cost
- Profitability - ability to earn revenues greater than costs

Purchasing Control

- A productivity tool
- Trends in purchasing control:
 - Leveraging buying power
 - Committing to a small number of suppliers
 - Working together in supplier-purchaser partnerships

Inventory Control

- Goal is to ensure that inventory is just the right size to meet performance needs, thus minimizing the cost.
- Methods of inventory control:
 - Economic order quantity
 - Just-in-time scheduling

Statistical Quality Control

- Quality control involves checking processes, materials, products, and services to ensure that they meet high standards.
- Statistical quality control involves:
 - Taking samples of work.
 - Measuring quality in the samples.
 - Determining the acceptability of results.

Management by Objectives (MBO)

- Management by objectives (MBO)
 - A structured process of regular communication
 - Supervisor/team leader and worker jointly set worker's performance objectives
 - Supervisor/team leader and worker jointly review results.

Management by Objectives (MBO)

- MBO involves a formal agreement specifying ...
 - Worker's performance objectives for a specific time period;
 - Plans through which they will be accomplished;
 - Standards for measuring results;
 - Procedures for reviewing results.

Management by Objectives (MBO)

- Types of MBO performance objectives
 - Improvement
 - Personal development
 - Maintenance
- Criteria for effective performance objectives
 - Specific
 - Measurable
 - Challenging
 - Time defined

Plant Manager's MBO

- To increase deliveries to 98% of all scheduled delivery dates (I)
- To reduce waste and spoilage to 3% of all raw materials used (I)
- To reduce lost time due to accidents to 100 work days/year (I)
- To install a quality-control system at a cost of less than \$53,000 (M)

Plant Manager's MBO

- To improve production scheduling and increase machine utilization time to 95% capacity (I)
- To complete a management development program this year (P)
- To teach a community college course in human resource management (P)

Management by Objectives (MBO)

- Pitfalls to avoid in using MBO ...
 - Tying MBO to pay.
 - Focusing too much attention on easily quantifiable objectives.
 - Requiring excessive paperwork.
 - Having managers tell workers their objectives.

Management by Objectives (MBO)

- Advantages of MBO
 - Focuses worker's efforts on most important tasks and objectives.
 - Focuses supervisor's efforts on important areas of support.
 - Contributes to relationship building.
 - Gives worker structured opportunity to participate in decision making.
