



# NSCET E-LEARNING PRESENTATION

LISTEN ... LEARN... LEAD...



# DEPARTMENT OF ELECTRONICS AND COMMUNICATION ENGINEERING

III YEAR / VI SEMESTER

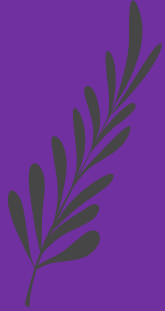
## MG8591 – PRINCIPLES OF MANAGEMENT

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# UNIT-5

## CONTROLLING



# *1. Definition – Controlling*

➤ **Controlling is defined as the process of measuring performance and taking action to ensure desired results.**



# Steps in Controlling

1. Establishing objectives & standards.
2. Measuring actual performance.
3. Comparing results with standards.
4. Take corrective action.



# BUDGETARY CONTROL



## 2. Budgetary Control

### Definition – Budget

- Budget is defined as a predetermined statement of management policy which provides a standard for comparison with actual results during a given period.

### Definition – Budgetary Control

- Budgetary control is defined as process of determining various budgets for the business unit in future.



# Objectives of Budgetary Control

- **Helps to plan and control the income & expenditure of the organization.**
- **Maximizes the profit for the organization.**
- **Provides adequate capital for working.**
- **Co-ordinates the activities of the different units.**





# Types of Budget

1. **Sales Budget – Estimate of expected sales.**
2. **Production Budget – Forecast of the output.**
3. **Labour Budget – Requirements of direct labour.**
4. **Capital Expenditure Budget – All initial investment cost.**



## Types of Budget

**5. Research & Development Budget – Develop new products.**

**6. Long term Budget – Period of 5 to 10 years.**

**7. Short term Budget – Period less than 5 years.**

**8. Current Budget – Expense for day to day activities.**



# Budgetary Control Techniques

**1. Programme Budgetay Systems**

**2. Zero Based Budgeting**

**3. Variance Analysis**

**4. Responsibility Accounting**

**5. Fund Adjustment**

**6. HR Accounting**



# 1. Programme Budgetay Systems

- Analyzing the basic objectives of policies and activity of each programme in the organization.
- Measuring the total cost and choose the best alternatives.

# 2. Zero Based Budget

- Every next year budget is made on nil base.
- The expected income will be equal to expected expense.



### 3. Variance Analysis

- **Estimated budget of the organization expenditure will be compared with actual accounting figures.**
- **Measure the variance.**

### 4. Responsibility Accounting

- **Employees will be assigned with a target.**
- **On the basis of achievement he/she will be rewarded.**



## 5. Fund Adjustment

- Top management will be altering the fund based on the requirement.

## 6. HR Accounting

- It deals with human resource control.
  - It is a long term investment for every organization.



# NON-BUDGETARY CONTROL METHODS

### 3. Non- Budgetary Control Methods

1. Statistical Data

2. Auditing

3. Personal Observation





## 1. Statistical Data

- **Statistical analysis is a clear presentation of historical or forecast nature are important to control.**
- **Special reports and analysis helps in particular problem areas.**

## 2. Auditing

- **Auditing validates the honesty & fairness of financial statements to provide a critical basis for management decisions.**
- **Internal audit – Carried out by members of the organization.**
- **External audit – Person employed by an outside firm.**



### 3. Personal Observation

- **People go to the area of activities and taking notice of what is being done.**
- **That is nothing but management by walking around.**

# BREAK EVEN ANALYSIS



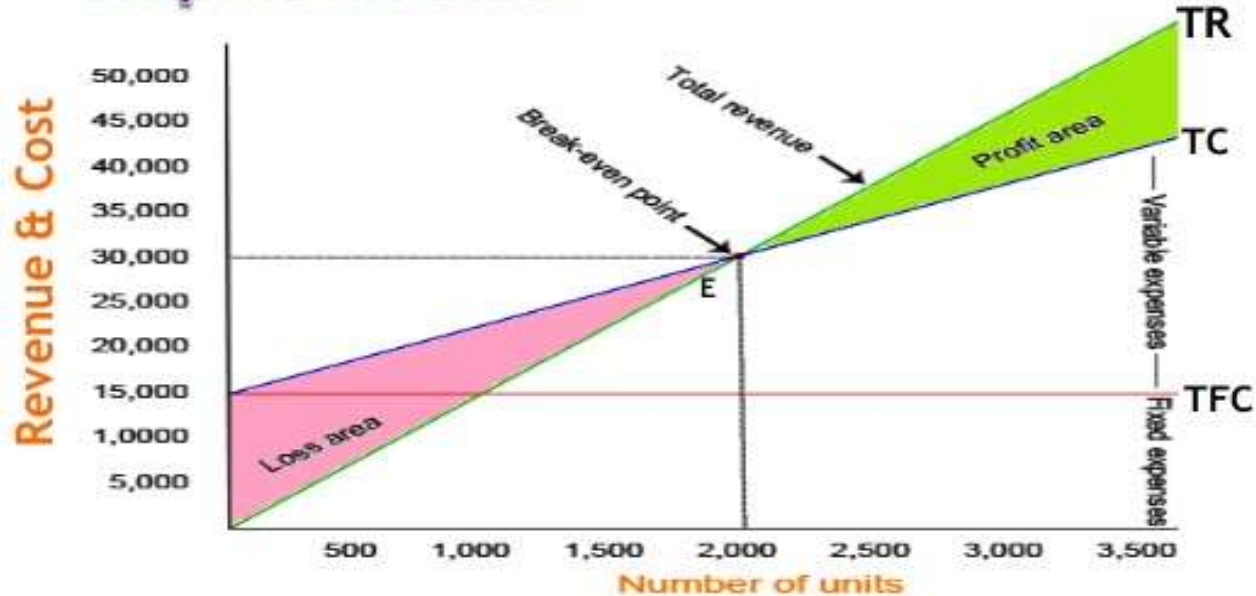
## 4. Break Even Analysis

### Definition – Break Even Analysis

- Break even analysis is used to determine how much sales volume your business needs to start making a profit.
- It is also called as cost volume profit analysis, contribution margin analysis

# Break Even Analysis Graph

## Linear Break-even Analysis: Graphic Method



## Uses of Break-even Analysis

- ◉ Helpful in deciding the minimum quantity of sales
- ◉ Helpful in the determination of tender price
- ◉ Helpful in examining effects upon organization's profitability
- ◉ Helpful in deciding about the substitution of new plants
- ◉ Helpful in sales price and quantity
- ◉ Helpful in determining marginal cost

# PERT & GANTT CHART

## 5. PERT & GANTT Chart

### Definition – PERT Chart

- Program Evaluation Review Technique (PERT) is defined as a project management tool used to schedule, organize, and co-ordinate tasks within a project.

### Definition – GANTT Chart

- GANTT Chart is defined as to show the multiple project activities on one chart.





# Methods of GANTT Chart

## 1. Forward Schedule

- Starting with list of activities and a given start date follow them forwards in time.

## 2. Backward Schedule

- Look at the deadline from that date work in the logical list of activities.



# USE OF COMPUTERS & IT IN MANAGEMENT CONTROL



## 5. Use of Computers & IT in Management Control

### Definition - Management Information System (MIS)

- Management information system is defined as a system of obtaining, abstracting, storing and analyzing data to produce effective information for the use in planning, controlling and decision making process.



## Objectives of Management Information System (MIS)

- Provide right information at right time.
- To allocate appropriate resources.
- To provide sales forecasting, planning & better controlling.

## Function of MIS

- Determination of information need.
- Information gathering through docutements, surveys, manual, journals, news paper, surveillance etc.
- Processing includes evaluation & storage.



# Application of MIS

**1. Marketing**

**2. Manufacturing**

**3. Logistics**

**4. Finance & Accounting**



# PRODUCTIVITY PROBLEMS & MANAGEMENT



## 6. Productivity Problems & Management

### Definition - Productivity

#### What is Productivity?

- Productivity is a measure of how well resources are utilized to produce output
- It relates output to input in any system, where some value addition is performed on the input resource
- Productivity =  $\frac{\text{Output Obtained}}{\text{Input Expended}}$

2

## Factors affecting Productivity

### **Ineffective time due to management**

- Marketing policy which demands unnecessarily large number of products.
- No standardization of components between as well as within products.
- Failing to meet customer's requirement from the beginning.
- No plan for flow of work.
- Improper supply of material, equipment.
- Improper maintenance of plant and machines.
- Insufficient safety measures.
- Improper working conditions resulting in interrupted work.

### **Ineffective time within the control of worker**

- Taking time off without good cause: by lateness, by idling at work etc.
- Careless workmanship causing scrap or rework.
- Failing to observe safety standards.



# PERFORMANCE MANAGEMENT



## 7. Performance Management

### Definition – Performance Management

- Performance management is defined as the design, development, implementation, and monitoring of systems and processes that are aimed at maximizing human performance in the work place.

# Importance of Performance Management

- **Have skills & ability to deliver on expectations.**
- **Individuals take responsibility for their own development.**
- **Employees know and understand what is expected from them.**
- **Management takes responsibility for improvement of business processes through development of people.**



# Elements of Performance Management

1. Strategic
2. Improvement
3. Development
4. Key Performance Area
5. Outputs
6. Key Performance Indicator.



# REPORTING



## 8. Reporting

### Definition – Reporting

- Reporting is defined as a presentation of facts and findings, usually as a basis for recommendations.
- It is purely based on observation & analysis.
- A report discusses a particular problem in detail.

# Advantages of Reporting

- **Solve current problems.**
- **Updated information.**
- **Internal communication.**
- **Decision making & planning.**
- **Discloses unknown information.**

# Types of Report

1. **Formal Report** – Prescribed form according to established procedure.
2. **Informal Report** – Person to Person communication.
3. **Statutory Report** – Audit report is the best example.



## Types of Report

**4. Non – statutory Report – Framing the policy formulation.**

**5. Periodic Report – Regular prescribed intervals.**

**6. Special Report – Technical report of a particular product.**



# Steps for Report Writing

1. Investigating the source of information.
2. Taking notes.
3. Analyzing the data.
4. Making an outline.
5. Writing the report.



# THANK YOU

