

Controlling is a systematic process which involves the following steps.

Step 1: Setting Performance Standards: The first step in the controlling process is setting up of performance standards. Standards are the benchmark against which actual performance would be measured. Standards can be set in both quantitative as well as qualitative terms.

Step 2: Measurement of Actual Performance: Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc.

Step 3: Comparing Actual Performance with Standards: This step involves comparison of actual performance with the standard. It helps to find out the deviations if any between the actual performance and standard fixed.

Step 4: Analysing deviations: After comparing the actual performance with standards, the deviations are noted. This step involves thorough analysis of deviations to find out the reason behind the deviation. Some deviation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of deviations. Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. Critical point control and management by exception should be used by a manager in this regard.

Step 5: Taking Corrective Action: The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within acceptable limits. However, when the deviations go beyond the acceptable range, in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished.