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Management Control

1. Definition of Management Control:

Management control is a process used by organizations to monitor and guide their activities towards achieving set objectives. Originally, it was closely associated with accounting, but over time, its role has evolved to encompass broader aspects of business management.

The main purpose of management control is to ensure that a company's resources are used efficiently and effectively in line with its goals. This involves analyzing performance, comparing it to predefined targets, and making adjustments as needed. Management control also provides valuable information to help managers make informed decisions, overcome performance-related challenges, and adapt to changes within the organization or the market.

In short, management control is essential for aligning day-to-day operations with the strategic ambitions of the company, while ensuring accountability and efficient resource allocation.

2. The Interests of Management Control:

The management control allows the manager to have a clear vision of his company and to understand the history of the company in order to make decisions. It is therefore, on the one hand, a decision-making function for management. In fact, by evaluating the company's financial, economic, commercial or social data, management control provides elements that make it possible to carry out a company policy.

On the other hand, it should be known that management control interacts with the various functions of the company and not exclusively with the management and the accounting function, to which it is too often assimilated. From this point of view, we can affirm that the "management control" function is an information management system intended to drive corporate performance.

He accompanies the operational actors in the development of their performances while being the "guardrail" of the company. It is the process by which the leader ensures that the resources are used effectively (in relation to the objectives), efficiency (in relation to the means employed) and relevance to achieve the objectives.

The management control has the task of verifying the good match between the defined strategies and the performances achieved. It controls, measures and analyses an activity, an organization, a service, a market, a product, a customer. The results obtained are presented in the form of synthetic dashboards from which to identify the possible lines of improvement and proposing the means to reach them.

To this end, management control must be clearly positioned as the interface between the operational services (actors in the field) and the functional services (operational support actors). This requires from the management controller a very good knowledge of the various business lines of the company, a developed sense of relationship and communication with the company's stakeholders.

3. Phases of the Process:

a. Planning: The starting point of management control is the planning phase in which the objectives are defined, then translated into operational acts through marketing, investment, human resources management and financial management policies. In this phase, a strategy must be defined operationally regarding: the product / market pairs; investments and divestments; the organization and management of HR, the adaptation of the production tool where appropriate.

b. Budgeting: The budget phase begins with the setting of the short-term objectives, which are derived from the medium-term action programs, but take into account the constraints and the plans of action decided for the coming year. Most of this phase is in the definition, coordination and approval of the company's action plans.

c. Action and follow-up of achievements: The overriding phase that follows budgeting is the execution of the action plans and their translation into facts in order to achieve the objectives. The control process is therefore inseparable from the management of the company, and its implementation is done through the use of various tools, including long-term and medium term plans, one-off economic studies, statistics, general accounting and cost accounting, ratios, dashboards...etc.

d. Measure results: The final step is to analyze the results with the aim of identifying the necessary corrective actions.