

Unit 5 — Strategy Evaluation & Control

Strategic Management | BMB 301 / KMBN 301

Unit 5: Strategy Evaluation and Control

Exam Blueprint (2022–2025 papers)

Topic	Years asked	Marks
Balanced Scorecard	2023, 2024	10
Benchmarking	2022, 2023, 2024	2 & 10
Strategic audit	2022, 2024	2 & 10
Strategic control — process & importance	2022, 2023	10
Responsibility centres / responsibility accounting	2023	10
Activity Based Costing	2024	2
Enterprise Risk Management	2023	2
Problems in measuring performance	2024	10

YE QUESTION BAAR-BAAR AAYA HAI

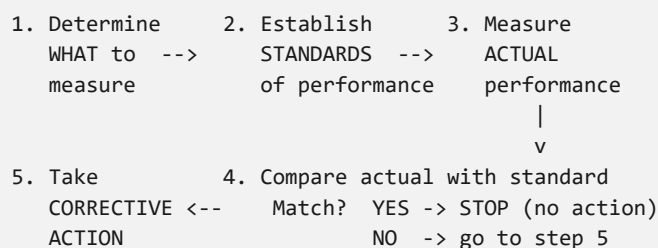
Balanced Scorecard aur **Benchmarking** — ye do sabse zyada probability wale questions hain. BSC ke chaar perspectives with one measure each, aur benchmarking ke **chaar types** — dono ratt lo.

1. The Evaluation and Control Process

DEFINITION - RATTA MAARO

Evaluation and control is the process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. It provides the **feedback** that closes the loop of the strategic management model.

1.1 The Five Steps



1. **Determine what to measure** — objective, consistent, strategy-relevant measures

2. **Establish standards of performance** — detailed expressions of objectives, with a **tolerance range**
3. **Measure actual performance** — at predetermined times
4. **Compare actual with standard** — if within tolerance, stop here
5. **Take corrective action** — determine whether the deviation is due to chance, faulty execution, a wrong standard, or a wrong strategy

1.2 Importance of Strategic Control

- Confirms the strategy is producing intended results; gives **early warning** when it isn't
- Enables **timely corrective action** before small deviations become crises
- Provides information for **future strategy formulation** (closes the feedback loop)
- **Motivates managers** by clarifying expectations and linking rewards
- Ensures **efficient resource utilisation** and accountability
- Copes with **environmental change** — original assumptions may no longer hold

1.3 Types of Strategic Control (Schreyogg & Steinmann)

Type	Monitors	Timing
Premise control	The planning assumptions (interest rates, competitor behaviour, regulation)	Continuous during implementation
Implementation control	Whether strategy should change given incremental results — via milestone reviews and strategic thrust monitoring	During implementation
Strategic surveillance	Broad, unfocused scanning of events that could threaten the strategy	Continuous, loosely focused
Special alert control	Rapid reconsideration after a sudden unexpected event (crisis, disaster, hostile bid)	Triggered by an event

2. Types of Controls

Control type	Also called	Focus	Example
Input control	Feed-forward, steering	Resources before the activity	Recruitment standards, training, raw material quality
Behaviour control	Process control	How the activity is performed	SOPs, sales scripts, ISO procedures, supervision
Output control	Feedback, results control	What is achieved	Sales quotas, ROI targets, defect rates, deadlines

When to use which: **behaviour control** when the cause-effect link is clear but results are hard to measure (R&D lab); **output control** when results are clearly measurable (sales division); **input control** when neither process nor output can be measured well (professional services).

3. Primary Measures of Corporate Performance