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     2. Establish      3. Measure
   WHAT to  -->     STANDARDS  -->    ACTUAL
   measure          of performance    performance
                                          |
                                          v
5. Take          4. Compare actual with standard
   CORRECTIVE <--    Match?  YES -> STOP (no action)
   ACTION                    NO  -> go to step 5
```

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