

Paper –Principles and Practice of Management

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## **Topic- Controlling & Management by Exception**

One of the most important ways of tailoring controls for efficiency and effectiveness is to make sure that they are designed to point out exception. In other words, by concentrating on exceptions from planned performance, controls based on the time-honoured exception principle allow managers to detect those places where their attention is required and should be given. This implies the use of management by exception particularly in controlling aspect. Management by exception is a system of identification and communication that signals to the manager when his attention is needed. From this point of view, management by exception can be used in other management processes also though its primary focus revolves around controlling.

Management by exception has six basic ingredients: measurement, projection, selection, observation, comparison, and decision making

1. Measurement assigns values to past and present performances. This is necessary. because without measurement of some kind. It would be impossible to identify an exception.
2. Projection analyses those measurements that are meaningful to organisational objectives and extends them into future expectations.
3. Selection involves the criteria which management will use to follow progress towards organisational objectives.
4. Observation stage of management by exception involves measurement of current performance so that managers are aware of the current state of affairs in the organisation.

5. Comparison stage makes comparison of actual and planned performance and identifies the exceptions that require attention and reports the variances to management.

6. Decision making prescribes the action that must be taken in order to bring performance back into control, to adjust expectations to reflect changing conditions, or to exploit opportunity.

Thus, It can be observed that management by exception is inseparable from other management essentials in many ways. However, the major difference lies in the fact that the superior's attention is drawn only in the case of exceptional differences between planned performance and actual performance. In other cases, decisions are taken by subordinate manager. However, what is exceptional requires the completion of whole process.