

Organizational control

The systematic process through which managers regulate organizational activities to make them consistent with expectations established in plans, targets and standards of performance.

Balanced scorecard

A comprehensive management control system that balances traditional financial measures with measures of customer service, internal business processes and the organization's capacity for learning and growth.

Responsibility centre

An organizational unit under the supervision of a single person who is responsible for its activity.

Expense budget

A budget that outlines the anticipated and actual expenses for a responsibility centre.

Revenue budget

A budget that identifies the forecasted and actual revenues of the organization.

Cash budget

A budget that estimates and reports cash flows on a daily or weekly basis to ensure that the company has sufficient cash to meet its obligations.

Capital budget

A budget that plans and reports investments in major assets to be depreciated over several years.

Top-down budgeting

A budgeting process in which middle- and lower- level managers set departmental budget targets in accordance with overall company revenues and expenditures specified by top management.

Bottom-up budgeting

A budgeting process in which lower-level managers budget their departments' resource needs and pass them up to top management for approval.

Balance sheet

A financial statement that shows the firm's financial position with respect to assets and liabilities at a specific point in time.

Income statement

A financial statement that summarizes the firm's financial performance for a given time interval; sometimes called a profit-and-loss statement.

Liquidity ratio

A financial ratio that indicates the organization's ability to meet its current debt obligations.

Activity ratio

A financial ratio that measures the organization's internal performance with respect to key activities defined by management.

Profitability ratio

A financial ratio that describes the firm's profits in terms of a source of profits (e.g. sales or total assets).

Hierarchical control

The use of rules, policies, hierarchy of authority, reward systems and other formal devices to influence employee behaviour and assess performance.

Decentralized control

The use of organizational culture, group norms and a focus on goals, rather than rules and procedures, to foster compliance with organizational goals.

Open-book management

Sharing financial
information and results
with all employees in the
organization.

Total quality management (TQM)

An organization-wide
commitment to infusing
quality into every activity
through continuous
improvement.

Quality circle

A group of six to 12
volunteer employees who
meet regularly to discuss and
solve problems affecting the
quality of their work.

Benchmarking

enchmarking
The continuous process
of measuring products,
services and practices
against major competitors
or industry leaders.

Six Sigma

A quality control approach that emphasizes a relentless pursuit of higher quality and lower costs.

Cycle time

The steps taken to complete a company process.

Continuous improvement

The implementation of a large number of small, incremental improvements in all areas of the organization on an ongoing basis.

ISO 9000 standards

A set of standards that represent an international consensus of what constitutes effective quality management, as outlined by the International Organization for Standardization.

Economic value-added (EVA)

A control system that measures performance in terms of after-tax profits minus the cost of capital invested in tangible assets.

Market value-added (MVA)

A control system that measures the stock market's estimate of the value of a company's past and expected capital investment projects.

Activity-based costing (ABC)

A control system that identifies the various activities needed to provide a product and allocates costs accordingly.

Corporate governance

The system of governing an organization so the interests of corporate owners are protected.

Internet

A global collection of computer networks linked together for the exchange of data and information.

Information technology (IT)

The hardware, software, telecommunications, database management, and other technologies used to store, process and distribute information.

Knowledge management

The process of systematically gathering knowledge, making it widely available throughout the organization and fostering a culture of learning.

Knowledge management portal

A single point of access for employees to multiple sources of information that provides personalized access on the corporate intranet.

Wiki

Website that allows anyone with access, inside or outside the organization, to create, share and edit content through a simple, browser-based user interface.

Data warehousing

The use of a huge database that combines all of a company's data and allows users to access the data directly, create reports and obtain answers to what-if questions.

Business intelligence (BI)

The high-tech analysis of data from multiple sources to identify patterns and relationships that might be significant.

Management information system (MIS)

A computer-based system that provides information and support for effective managerial decision-making.

Decision support system (DSS)

An interactive, computer-based system that uses decision models and specialized databases to support organization decision-makers.

Information reporting system

A system that organizes information in the form of prespecified reports that managers use in day-to-day decision-making.

Executive information system (EIS)

A management information system designed to facilitate strategic decision-making at the highest levels of management by providing executives with easy access to timely and relevant information.

Business performance dashboard

A system that pulls data from a variety of organizational systems and databases; gauges the data against key performance metrics; pulls out the right nuggets of information; and delivers information to managers in a graphical, easy-to-interpret format.

Groupware

Software that works on a computer network or the internet to facilitate information sharing, collaborative work, and group decision-making.

Enterprise resource planning (ERP) system

A networked information system that collects, processes, and provides information about an organization's entire enterprise, from identification of customer needs and receipt of orders to distribution of products and receipt of payments.

Customer relationship management (CRM) systems

Systems that help companies track customers' interactions with the firm and allow employees to call up information on past transactions.

World Wide Web (WWW)

A collection of central servers for accessing information on the internet.

Blog

Web log that allows individuals to post opinions and ideas.

Social networking

Online interaction in a community format where people share personal information and photos, produce and share all sorts of information and opinions, or unify activists and raise funds.

Peer-to-peer file sharing

File sharing that allows PCs to communicate directly with one another over the internet, bypassing central databases, servers, control points and webpages.

Operations information system

A computer-based information system that supports a company's day-to-day operations.

Data

Raw, unsummarized
and unanalyzed facts
and figures.

Transaction-
processing system
(TPS)

A type of operations
information system that
records and processes data
resulting from routine
business transactions such as
sales, purchases and payroll.

Information

Data that have been
converted into a
meaningful and useful
context for the receiver.

Process control
system

A computer system that
monitors and controls
ongoing physical processes,
such as temperature or
pressure changes.

Office automation systems

Systems that combine modern hardware and software to handle the tasks of publishing and distributing information.

E-business

Any business that takes place by digital processes over a computer network rather than in physical space.

Electronic data interchange (EDI)

A network that links the computer systems of buyers and sellers to allow the transmission of structured data primarily for ordering, distribution, and payables and receivables.

E-commerce

Business exchanges or transactions that occur electronically.

Intranet

An internal communications system that uses the technology and standards of the internet but is accessible only to people within the organization.

Extranet

An external communications system that uses the internet and is shared by two or more organizations.

B2B marketplace

An electronic marketplace set up by an intermediary where buyers and sellers meet.

Technical core

The heart of the organization's production of its product or service.

Operations management

The field of management that focuses on the physical production of goods or services and uses specialized techniques for solving manufacturing problems.

Manufacturing organization

An organization that produces physical goods.

Service organization

An organization that produces non-physical outputs that require customer involvement and cannot be stored in inventory.

Operations strategy

The recognition of the importance of operations to the firm's success and the involvement of operations managers in the organization's strategic planning.

Supply chain management

Managing the sequence of suppliers and purchasers, covering all stages of processing from obtaining raw materials to distributing finished goods to final consumers.

Procurement

Purchasing supplies, services and raw materials for use in the production process.

Process layout

A facilities layout in which machines that perform the same function are grouped together in one location.

Product layout

A facilities layout in which machines and tasks are arranged according to the sequence of steps in the production of a single product.

Cellular layout

A facilities layout in which machines dedicated to sequences of production are grouped into cells in accordance with group-technology principles.

Fixed-position layout

A facilities layout in which the product remains in one location and the required tasks and equipment are brought to it.

Flexible manufacturing system

A small or medium-sized automated production line that can be adapted to produce more than one product line.

CAD

A production technology in which computers perform new-product design.

CAM

A production technology in which computers help guide and control the manufacturing system.

Product life-cycle
management
(PLM)

Manufacturing software that manages a product from creation through development, manufacturing, testing, and even maintenance in the field.

Capacity planning

The determination and adjustment of the organization's ability to produce products and services to match customer demand.

Inventory

The goods that the organization keeps on hand for use in the production process up to the point of selling the final products to customers.

Finished-goods inventory

Inventory consisting of items that have passed through the complete production process but have yet to be sold.

Work-in-process inventory

Inventory composed of the materials that still are moving through the stages of the production process.

Raw materials inventory

Inventory consisting of the basic inputs to the organization's production process.

Economic order quantity (EOQ)

An inventory management technique designed to minimize the total of ordering and holding costs for inventory items.

Reorder point (ROP)

The most economical level at which an inventory item should be reordered.

Dependent demand inventory

Inventory in which item demand is related to the demand for other inventory items.

Material requirements planning (MRP)

A dependent demand inventory planning and control system that schedules the precise amount of all materials required to support the production of desired end products.

Just-in-time (JIT) inventory system

An inventory control system that schedules materials to arrive precisely when they are needed on a production line.

Logistics

The activities required to physically move materials into the company's operations facility and to move finished products to customers.

Distribution

Moving finished products to customers; also called order fulfilment.

Lean manufacturing

Manufacturing process using highly trained employees at every stage of the production process to cut waste and improve quality.

Productivity

The organization's output of products and services divided by its inputs.

Total factor productivity

The ratio of total outputs
to the inputs from labour,
capital, materials, and energy.

Partial productivity

The ratio of total outputs
to the inputs from a single
major input category.