

Modern management methods in development organizations

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Abstract Development organizations assume considerable risks as they frequently manage long-termed investment portfolios, which requires high quality management work. It is necessary that of development organizations should realize that and start improving their management strategies. Controlling is a methodological tool of management as its employment may result in quality information necessary for efficient management. *Keywords* - development organization, controlling, tasks of controlling, dimensions of controlling, organization of controlling

I. INTRODUCTION

Controlling is a method which may help an undertaking to improve and better arrange their management work. It is therefore necessary that the development process, which includes all the stages of a construction life cycle, such as preparation of investment plan, construction financing, construction and operation of real property, be managed primarily on the grounds of high quality information. This may be facilitated by the controlling as an advisory tool of management.

Development process is a well known concept abroad and it includes the process of preparation, construction, occupation and financing of real estates . It represents a permanent re-configuration of the built-up area in order to satisfy community needs. Development process takes course in several stages [2] :

- initial idea with market survey as a tool in supporting new development conception for future construction
- conception of a future construction
- feasibility study, market analyses
- preparation of contracts for the construction
- origination of contractual obligations in respect of the intended construction
- construction works proper
- completion of construction works and delivery of the construction for occupation
- management of the constructed facilities.

In the respective stages of the development process private as well as public organizations get involved. This requires proper balancing of the relationship between the interests of the public and private sectors

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The concept of development process has not been established in Slovakia yet, it is therefore necessary to introduce it here.

II. NATURE OF DEVELOPMENT ORGANIZATIONS

Industrial, office and housing buildings, shopping centers, roads and the rest of infrastructure do not originate separately. Here is the role for a development organization as a coordinator of origination, management, maintenance, renovation and reconstruction of the premises where we live and work, etc..

Development organizations should be responsible for construction works, investments as well as management of plots of land, renting of constructed premises, trading operations at the property market etc. In this respect development organizations assume considerable risks as they frequently manage long-termed investment portfolios, which requires high quality management work. If compared to other enterprises such organizations, as a rule, assume greater risk as the premises constructed are designed for a long-term occupation and any conceptional mistake that does not respect market requirements may become a source of considerable financial loss. It is sometimes rather difficult to foresee market trends and investors may be financially successful on the one hand or they may lose their investments as well. Every mistaken decision in the conception which does not respect market requirements may bring about serious financial risk. Decrease in the risks connected with management decisions may be achieved through the supply of relevant information that must be processed in proper time and amount. It is controlling that plays an important role in this respect.

III. CONTROLLING IN DEVELOPMENT ORGANIZATIONS

Controlling for the management of development organizations may be of assistance in performing the following tasks[1] :

- comparing plans and reality and budget control
- employment of information from accountancy of costs/management accountancy
- financial planning, investment planning
- reporting
- analysis of deviations and their reasons
- information interpreting
- budgeting,

- balancing accounts
- internal advisory services in decision-making process, etc.

It is important to determine the relationship between the functions of management and controlling in a business entity fig.1. Management of the organization takes decisions, assumes responsibility, whereas controlling inspires, evaluates, analyses, controls and gives recommendations. Controlling should be a highly qualified advisory body for the board of managers. Its successful introduction requires that there exist substantial elements of interrelation of information system such budgeting and recording of costs (recording according to types, place of origination, performance). While accountancy is subject to statutory rules regulating obligatory quality standards, with budgeting and costs recording the rules are less strict. This might count as the first impediment for the introduction of efficient controlling .

Before the introduction of controlling, the quality of management information tools has to be inspected and accommodated with view to controlling. Otherwise there may arise danger of controlling being supplied with devaluated information.

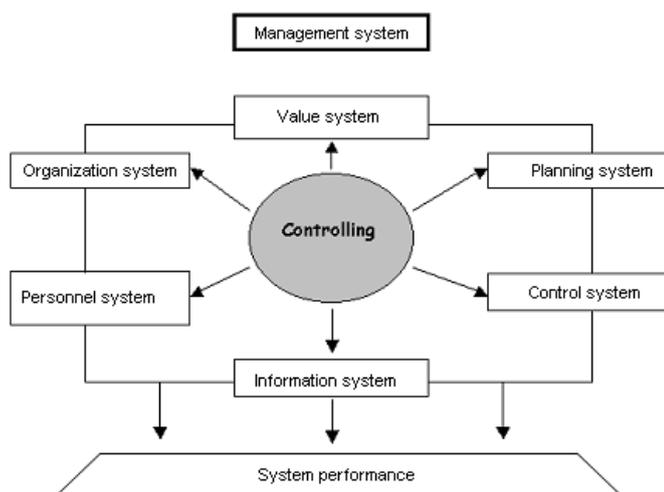


Fig.1 Controlling system.

IV. DIMENSION OF CONTROLLING IN RESPECT IN DEVELOPMENT ORGANIZATIONS

Controlling may be efficient only if it is targeted in accordance with the aims of the business entity. Planning, decision-taking and management in a development organization may be performed only in conjunction with goals set in advance[1].

Controlling requires that the board management of a development organization should set clear, definite, binding and realistic goals. It should also recommend the company's employees to receive further systematic training [3] as an

efficient mode of discovering internal resources necessary for the satisfaction of the employees' needs.

There are two dimension of controlling in respect of time projection :

- **strategic controlling** – it is a long-term, future-oriented type aimed at current initiating measures that will safeguard future existence of the business entity

-**operational controlling** – it is aimed at short-term management and is targeted at the present period and the achievement of immediate business goals. It is centered on the formulation of the profit management system. Operational controlling operates in the horizon of between one and three years. Operational controlling is based on annual planning and its articulation into monthly success goals according to functional areas. This is accompanied with monitoring of monthly results. Running deviation analysis primarily serves the aim of determining a certain place as well as defining necessary management measures. Operational controlling is based on current personnel, machinery and capital capacity of an undertaking [1].

Development organizations that have not dealt with the above-mentioned strategies recommended in respect of the management yet should be reminded that only a thorough analysis of all the activities and creation of consultation teams will make the company take a strategic development-course. Controlling is a method suitable for business entities targeted at a long-term sustainable development.

V. CONCLUSION

One of the basic desirable qualities that an organization should currently display is that of flexibility enabling a prompt reaction to the market demands. New requirements mean new approaches which enable a company to enter the market competition successfully. Permanently changing environment requires that the company's management be able to take decisions in limited time space and ground them on true and complete information. This fast changes of conditions in the company's environment burden the work of the company's management. Decisions that the management board implements must be expeditious and efficient. Correct decision-making requires the supply of appropriate, precise and timely information, which may be effected by controlling as a progressive management tool.

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