



Case Study: Home Depot

Topic: **Organizational Control**

Bob Nardelli's New Controls Change Home Depot

1. What was happening to sales and earnings when Nardelli joined Home Depot? Sales and earnings (profits) are an example of what type of control and what mechanism of control?
2. What were the 2 things about previous top managers that appalled Nardelli?
3. What did Nardelli do to monitor and control purchasing activities? What were the 2 benefits to Nardelli and his top management team?
4. What were the series of new rules and procedures that managers at all levels need to follow and how was the data on all these issues recorded and transmitted?
5. Nardelli's focus on organizational control and change had a positive impact on Home Depot. In 2003 what was the impact on sales, earnings, and the stock price?
6. What is controlling?
7. Discuss how organizational control helps managers obtain superior efficiency, quality, responsiveness, and innovation – the 4 building blocks of competitive advantage.
8. What is a control system?
9. What are the 3 characteristics of an effective control system?
10. Control and information systems are developed to measure performance at each stage in the process of transforming inputs into finished goods and services. List, define, and give an example of the 3 types of control.