

E383 For Using Better Measurement to Improve Performance

Aims and objectives

As leader, manager, entrepreneur or analyst, you will need to measure performance of organisations and individual activities. Your own success will also be judged and rewarded on the basis of performance. Yet performance measurement techniques are often inadequate and even misleading. The elective provides a way to improve them and in doing so to get comparative advantage for yourself and your organisation. My current directorships (see “Note on the instructor” below) and previous experience gives me the perspective to combine ideas with practice. My approach is to work from real problems to practical answers, recognising differences in performance culture between countries and organisations.

Topics covered

- How do you measure company success? The role of markets in determining measures. Will shareholder value displace all other measures? How much choice do companies really have?
 - Understanding financial and non-financial measures and their pitfalls. What is an excellent company?
- Improving internal measurement – the role of value-based management, balanced scorecards, non-financial measures, comparisons (including benchmarking) and budgeting.
- New approaches to measuring the performance in organisations, including activities (such as coaching), functions (such as marketing) and those that run them (such as the CFO), initiatives (such as the balanced scorecard) and programmes (such as Corporate Social Responsibility).
- The possibilities and problems of linking performance and reward.
- An optional session on applications in the public and not-for-profit sectors.

Format and teaching methods

The elective is cross-disciplinary, with material from strategy, finance, accounting, organisational behaviour and operations management. So it's about using judgement rather than doing numbers. It deals with the “big picture” (including the role of social and environmental measures) and measuring inside the organisation. It includes discussions of how to tackle tough measurement problems. Examples and mini-cases from actual companies will be used in each session.

Lectures will incorporate group sessions on dealing with problems and there will be guest speakers on key issues. In the last few years, guests have included Chairmen, senior executives and operational managers of large and small organisations. Each session will start with examples of performance issues in the news and an example taken from a real organisation.

Pre-requisites and input required

This is a course covering all aspects of management, not a technical accounting course and will draw on a wide range of core courses. Input required is based on selected reading each week as well as assignments (see below).

Assignments and assessments

The individual assignment (60%) will involve choosing something which you wish to measure and applying a measurement framework to it. The Group assignment (40%) gives you a chance to measure the success of an organisation. There is no exam.

Class make-up

To make sure that those taking who sign up have the greatest chance for personal contact, the course is not open to auditors or outside participants.

A note on the instructor

I am currently a Director of the Bank of England, Barclays Bank, Applied Intellectual Capital plc (an AIM-listed California technology incubator) and a UK Health Trust. My previous experience includes being non-executive Chairman of a market research company (MORI Ltd) and a chain of bookshops (Economists Bookshops Ltd), chief executive of the overseas division of a textile company (Qualitex Ltd) and one of the Managing Directors of the UK Treasury.