

COMM 210 **Contemporary Business Thinking**

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Lecture 9 – Performance, Measurements and Evaluation

Objectives For Today

- Consider how firms keep track of their own performance
- Describe why measurement is important for companies to achieve their goals
- Practice the creation of good measurements
- Explore how to write a persuasive essay.
- Write an essay on Magna
- Engage in other debates about conflicting needs in organizations, showing how these conflicts may be reconciled

Kaplan & Norton: The Balanced Scorecard



Robert Kaplan, Harvard
Business School
professor



David Norton,
Consultant

Kaplan & Norton: The Balanced Scorecard

- The Balanced Score Card is a

**Performance measurement
system/tool**

Kaplan & Norton: The Balanced Scorecard



- What you measure is what you get!
- The traditional financial performance measures worked well for the industrial era
- The “bottom line” is not enough

Kaplan & Norton: The Balanced Scorecard

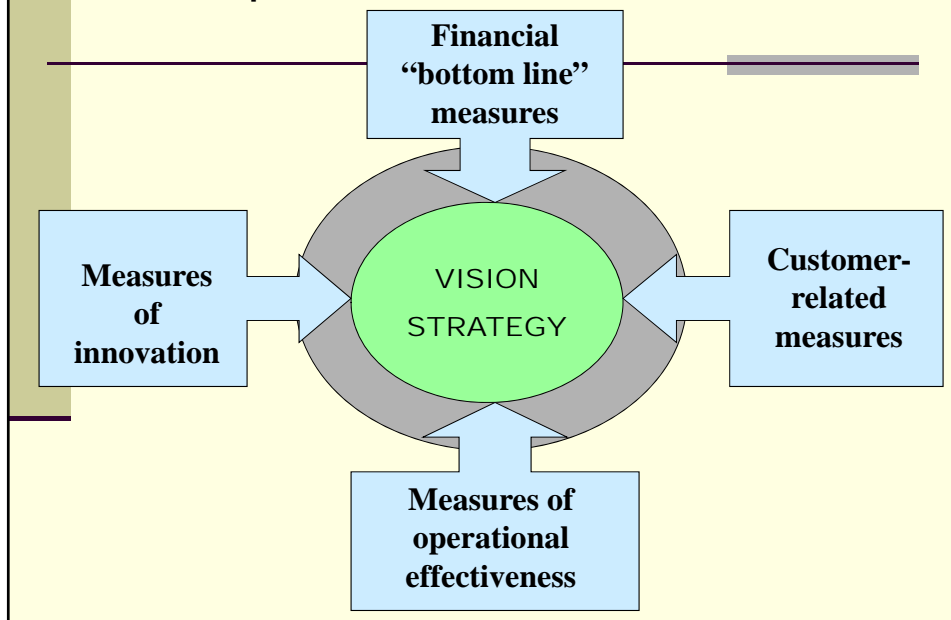



- <https://youtu.be/QM9SLX4icu0>
- <https://www.youtube.com/watch?v=QM9SLX4icu0&feature=youtu.be>


Kaplan & Norton: The Balanced Scorecard

- Four perspectives for a balanced scorecard
 - Customer perspective
 - What matters most to customers?
 - Internal business perspective
 - How can we produce to meet customer expectations?
 - Innovation & learning perspective
 - How can we make continual improvements?
 - Financial perspective
 - How can we ensure profitability for shareholders?

Kaplan & Norton's Balanced Scorecard



 Balanced Scorecard: Kenya Red Cross (2010)	
Perspective: Beneficiary/Stakeholder	Perspective: Financial Stewardship
Measures: <ul style="list-style-type: none"> • Reduction on relief aid in target communities (100%) • Average age of projects running after completion (10 yrs) 	Measures: <ul style="list-style-type: none"> • Percentage of core cost to total cost (30%) • Cost per beneficiary (TBD)
Perspective: Business Processes	Perspective: Organization Capacity
Measures: <ul style="list-style-type: none"> • Program standard compliance (100%) • Incidences responded on time (100%) • People assisted (20%) 	Measures: <ul style="list-style-type: none"> • Job satisfaction index (95%) • Reduced incidences to staff and volunteers during operations and in the work place (ZERO)

 Balanced Scorecard: Kenya Red Cross (2010)	
<p>http://www.balancedscorecard.org/LinkClick.aspx?fileticket=b2j-xzGAsbk%3d&tabid=57</p> <p>http://www.balancedscorecard.org/BSCResources/ExamplesSuccessStories/tabid/57/Default.aspx</p>	

Balanced Scorecard: Examples for Financial Perspective

Financial			
Goal	Measure	Target	By when
improve revenue	Yearly revenue	Increase by 25%	year over year or by year end
market share improvement	Market share increase	Increase by 10%	year over year or by year end
improve net profit	Net profits	Increase by x%	define
or		Increase by \$x Million
improve cost of production	Gross margin	Increase by x%
or		Increase by \$x Million

What do I want to do?	What should I measure?	What should I observe?	By when?
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Balanced Scorecard: Template for Financial Perspective

Financial			
Goal	Measure	Target	By when

What do I want to do?	What should I measure?	What should I observe?	By when?
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Group Exercise

- Work in teams of 2, and write your names on the assignment sheet provided
- **Design a balanced scorecard** to help Magna reduce cost and improve efficiency
- Make sure measures are specific and applicable to Magna and its industry.
- Try to come up with at least 2 measures for each perspective.
- I will collect your balanced scorecard

WRITING A PERSUASIVE ESSAY

Writing a Persuasive Essay

- Outline your (contestable) claim and sub-claims
 - Ask yourself: “Why do I think this claim is true?” List reasons
 - Logic of your argument must be crystal clear
- Arrange your evidence
 - 2-3 pieces of evidence for each sub-claim (sufficient; accurate)
 - Views of experts; Quotes from interviews (authoritative; precise)
 - Statistics (precise)
 - Examples from your own experience, diverse variety of others (representative)
 - Detailed descriptions / background information (precise)
 - Give each section of your essay a meaningful subtitle (clear)
 - Any negative evidence? Do you anticipate readers’ objections? Do you need more evidence?

Writing a Persuasive Essay

- Write your first draft
 - Don’t try for perfection the first time
 - The DOWN draft and the UP draft
 - **Be careful not to plagiarize!!!**
- Revise your work
 - Team contributions have to be integrated – similar style
 - Write your introductory sentences – engage the reader’s interest and attention
 - Write your concluding sentences – a strong ending tells people what they have learned
 - Add visual aids (charts, photos, clipart, concept maps)
- Full list of references

Made smarter in Canada: Inside a World Beating Factory Essay

- Using the theories we studied this semester, write a one-page essay on what Magna should do to continue reducing cost and improving efficiency.
- Make sure you state a clear claim
- Make sure you provide good quality evidence for your claim
- Use the Techniques of persuasion
- You will hand in this essay

Team Project Assessment

Evaluation of Team Project Report	MARKED out of (100)	WORTH (30%)
Progress reports	10 points	10%
Originality and clarity of claims	20 points	15%
Use of classic management theory (or theories), well-integrated into the article	25 points	
Quality of evidence: Authority, Sufficiency, Representativeness, Precision, Accuracy, Clarity.	30 points	
Structure of the report: Rhetorical style; Writing skills, including grammar. Spelling, neatness; Use of appropriate illustrations, Length of report	25 points	5%
Oral presentation	10 points	

Preparing for Assessment

Evaluation of Oral Presentation	MARKS (10)
Respect of Pecha Kucha: <ul style="list-style-type: none"> • 20 slides * 20 seconds • automatic • Mostly images • Few words • Content 	5 points
<ul style="list-style-type: none"> • Good tempo, presenters have excellent command of language, voice, eye-contact and body posture • Responses to questions are fluent and clear 	5 points

Making an Argument Using Structured Debates

- You are assigned to a team; each team is assigned a debatable claim and separated into “agree” versus “disagree” groups.
- Exchange ideas with others arguing the same position. Draw on relevant theories studied this term.
- Present position to opposing group:
 - Make sure you understand underlying facts, ask questions, develop refutations
 - Agree on a joint claim & summarize best evidence – positive and negative. Counter-argue negative evidence or limit argument appropriately
- Select 1 or 2 people to present your argument to the rest of the class

Debatable Claims

1. It is better to be an employee in a large multinational than a small locally-focused company
2. A structured hierarchy of ranks and positions is a bad idea for organizations
3. Organizations should always promote managers from within the firm
4. It is a mistake to hire relatives of employees
5. It is a good idea to let R&D people allocate up to 20% of their time to explore unspecified ideas
6. It is desirable to be an employee in a firm with a strong culture and vision

Preparation for Next Class

- Readings for next week
 - **Handy's** sygmoid curve
 - **The Cobbler's Conundrum**, *Fast Company*
- Don't forget to check your mailbox and our class folder **Moodle**