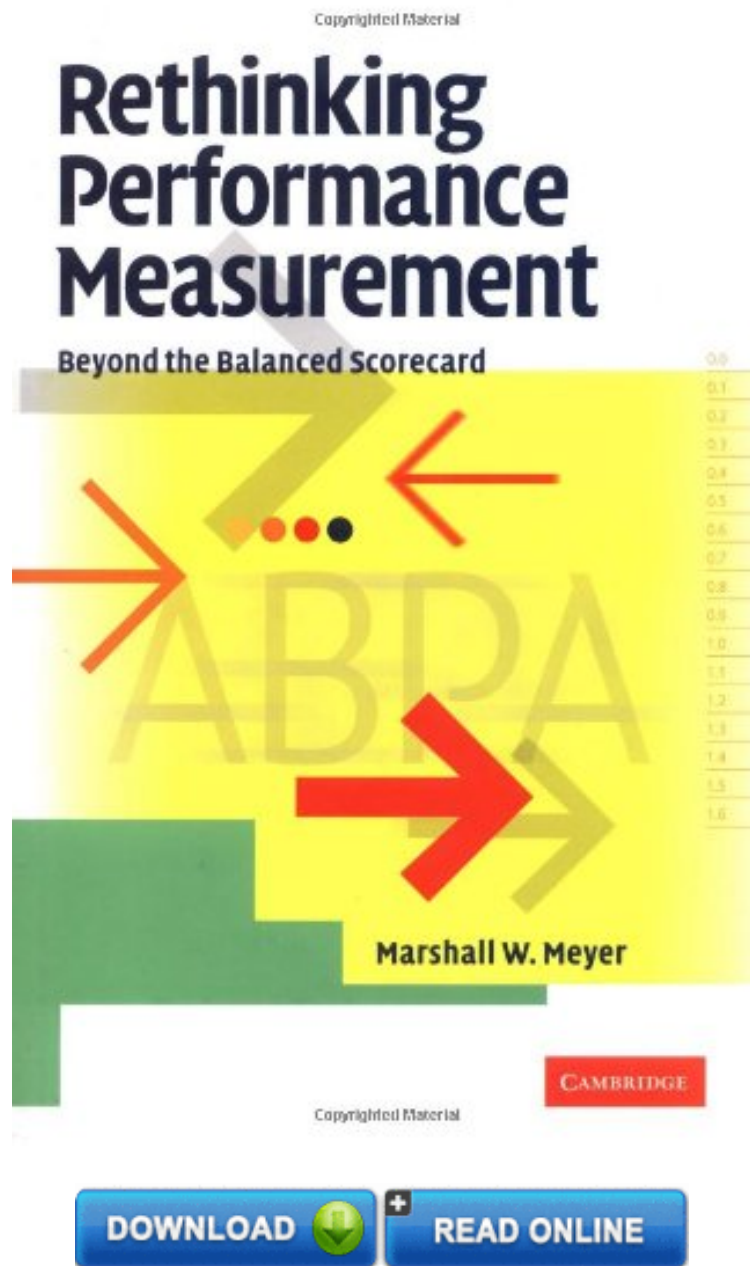


# Rethinking Performance Measurement: Beyond the Balanced Scorecard

Marshall W. Meyer

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**Marshall W. Meyer : Rethinking Performance Measurement: Beyond the Balanced Scorecard** before purchasing it in order to gage whether or not it would be worth my time, and all praised Rethinking Performance Measurement: Beyond the Balanced Scorecard:

9 of 9 people found the following review helpful. A Difficult to Implement Good IdeaBy Charlene Spodee BuddThe best part of this book might be the fully developed background exploring why performance measurement has been

more a part of the problem of successful management rather than a useful tool. Meyer's basic idea (illustrated with a single case study) is to compare the cost of a unique customer service, achieved through an advanced activity-based costing system, with the revenues generated from that service and then eliminate unprofitable services by dropping the customer or raising revenues. (Interestingly, Meyer uses Cooper and Kaplan's original activity driver approach rather than Kaplan's more recently promoted time driver.) Unfortunately, this approach is extremely complex (equivalent to activity-based costing squared or cubed) and is viable only for service organizations with repetitive transactions that can afford to implement a real-time activity-based costing/revenue system and successfully deal with the fixed costs excluded from the activity-based allocations.

Performance measurement remains a vexing problem for business firms and other kinds of organisations. This book explains why: the performance we want to measure (long-term cash flows, long-term viability) and the performance we can measure (current cash flows, customer satisfaction, etc.) are not the same. The 'balanced scorecard', which has been widely adopted by US firms, does not solve these underlying problems of performance measurement and may exacerbate them because it provides no guidance on how to combine dissimilar measures into an overall appraisal of performance. A measurement technique called activity-based profitability analysis (ABPA) is suggested as a partial solution, especially to the problem of combining dissimilar measures. ABPA estimates the revenue consequences of each activity performed for the customer, allowing firms to compare revenues with costs for these activities and hence to discriminate between activities that are ultimately profitable and those that are not.

"This book is a must-buy for any senior managers of service firms that aspire to have their companies survive and prosper even as competition inevitably increases. Building on a platform of insightful field work Meyer uses a compelling and incisive logic to propose a monitoring and measurement methodology (APBA) that allows firms to simultaneously pursue customer differentiation on the customer front and efficiency on the functional front all by driving strategic decision-making down to the level of the customer." Professor Ian C MacMillan, The Wharton School, University of Pennsylvania "Rethinking Performance Measurement challenges fundamentally some of the assumptions held about measurement today." Professor Andy Neely, Cranfield School of Management "I really like this book. It takes an honest look at the balanced scorecard and offers an alternative approach that addresses many of the problems associated with the scorecard approach. This book is a 'must read' for managers in balanced scorecard organizations!" Professor Harold Doty, School of Management, Syracuse University "There is much management theory and much management practice and mountains of books on each. This is a rare book that seeks to use theory to enhance practice. It takes as fundamental that performance measurement always skews behavior so we had better get better at measuring what is really important and always realise we will never get it exactly right, but that is no reason not to do it." Professor Sandra Dawson, Judge Institute of Management Studies, University of Cambridge "Meyer challenges the traditional tenets of long-term performance measurement with a compelling argument for rejecting the 'balanced scorecard theory'.... The six succinct chapters skillfully intertwine the author's thorough research with contemporary management practice. Highly recommended." Choice About the Author MARSHALL W. MEYER is Professor of Management and Sociology at The Wharton School of the University of Pennsylvania.