# Performance measurement

## Prof. Stefano Baraldi

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course points out the evolution that management control systems have shown in the last two decades. The main pitfalls of a traditional approach to performance measurement (PM) are analyzed as well as the characteristics of a new generation of tools for measuring and managing organizational performance. Students therefore gain a good understanding about the major issues to be addressed in the development of effective PM systems. The focus is primarily driven on the techniques of activity-based management (ABM) and balanced scorecard (BSC).

Upon successful completion of the course, students will be able to:

* identify and interpret the theoretical and conceptual foundations helpful to understand PM issues in local and global contexts, including the adoption of economic, environmental and social sustainability measures (knowledge);
* develop theoretical and conceptual knowledge on the design and implementation of PM systems in multi-cultural organizational settings (knowledge);
* analyze data and information on organizational performance and take corrective/improvement actions (intellectual skill);
* effectively use PM tools and techniques to influence people’s behaviors and support strategy execution in complex multi-cultural organizational settings (practical skill);
* develop critical skills related to the use of PM information in sustainable decision making and change management processes in complex organizations (transferable skill);
* operate effectively in multicultural teams involved in the design and implementation of PM systems (transferable skill).

***COURSE CONTENT***

The course provides basics in PM. The main topics, which will be handled, are:

* the major flaws of a traditional approach to PM, the so-called PM revolution, how to measure corporate environmental and sustainability performance;
* Activity Based Management: the activity-based revolution, how to implement an activity-based PM system, how to use activity-based information (operational perspective), how to use activity-based information (strategic perspective);
* Balanced Scorecard: the balanced scorecard revolution, how to design and implement a balanced scorecard PM system, how to lead change and create a strategy-focused organization through the balanced scorecard.

***READING LIST***

*Required readings*

S. Baraldi, *What’s left for the PM revolution?*, McGraw-Hill, 2017.

***TEACHING METHOD***

Teaching methods will stimulate learning by doing and will require students with a full participation. Case histories and business cases will be frequently discussed. Attending students will be involved in a multi-player simulation, experiencing the benefits and challenges of using a scorecard to implement strategic initiatives and monitor firm performance.

***ASSESSMENT METHOD AND CRITERIA***

Students can choose between a multiple assessment route and a single assessment route.

Multiple assessment route

Students are assessed by: a) an intermediate written test (accounting for 40% of the final grade); b) a final written test (accounting for 40% of the final grade); c) the performance achieved by each group in the multi-player simulation (accounting for 20% of the final grade). The final grade achieved may be improved by class participation allowing students to receive an overall score ranging from -1 to +2.

Both the intermediate and the final written tests consist of 2 open questions and 1 short business case (weights: 32% for each open question and 36% for the short business case). The tests are scheduled as follows: the intermediate written test at the end of module 1, and the last one at the end of module 2. Only students passing the intermediate test can take the final test.

The multi-player simulation is designed to be played by teams of small groups and enable attending students to experience the benefits and challenges of using a scorecard to implement strategic initiatives and monitor firm performance. At the completion of the eight game turns, an investment firm buys the equity of the company. Accordingly, each team of students is evaluated on their ability to maximize the buy-out transaction value.

For a PASS in the multiple assessment, the following conditions must be met: (i) a mininum attendance of 75% of the course is mandatory; (ii) the two written tests and the simulation are mandatory and must be a PASS (i.e., each grade must be greater or equal to 18) Students who do not pass the multiple assessment are evaluated according to the single assessment.

Single assessment route

The exam consists of a written test, composed by 2 open questions and 1 short business case on the whole program of the course (weights: 32% for each open question and 36% for each short business case). Even though attendance is not mandatory for a PASS in the single assessment, it is strongly recommended.

Assessment criteria

The student's preparation is evaluated according to grading scales which are published in Blackboard.

***NOTES AND PREREQUISITES***

N. ECTS - 8

Enrollment requirements - Basic knowledge of management accounting and management control is required. Students should be familiar with financial accounting and financial statement analysis (basic), cost and managerial accounting (basic). Students who do not have such knowledge are responsible for acquiring it to the extent necessary during the course.

Language of instruction - English

Attendance – A minimum attendance of 75% is mandatory for a final PASS in the multiple assessment route. Even though attendance is not mandatory for a PASS in the single assessment route, it is strongly recommended.

Associated courses – Applied statistics for big data, Change management, Corporate governance and social responsibility, Corporate strategy, Management control systems, Management information systems

International dimension –International teaching materials are used throughout the course.

Business connection - The course makes extensive use of contemporary business cases and examples. Examples also supported by guest speakers from business companies.

Professional context - In professional life, PM systems are used to successfully execute organizational strategies. Therefore, the professionals working in staff units such as planning and control department, strategy management office, etc. are responsible for their design, implementation, and maintenance. On the other hand, senior managers working key-positions of the organization are supposed to make the best use of PM systems in order to effectively focus, share and implement their strategic vision.

Further information – Additional information regarding the course schedule and delivery, learning assessment, expectation and policies, general announcements, and additional course materials will be posted on Blackboard.