

Index

- activity-based costing, 34, 113–114
 - advantages, 114–115, 120
 - bank balance inquiries, 125
 - basis of ABPA, 114–116
 - complexity, 139
 - introduction, 46
- activity-based profitability analysis (ABPA), 113–114
 - basis, 114–116; activity-based costing, 115
 - case study, 127–131
 - comparison with other systems, 160–166
 - complexity, 139–140
 - computerized information, 150–153
 - cost of inefficiency, 138–139
 - critical measurement issues, 140–141
 - customer focus, 115, 122–123
 - identification of profitability, 125
 - impact of activities on revenues, 115, 116
 - incentive payments, 153–160
 - learning from, 150–160; action and learning, 153–158
 - linking activities to revenues, 131–135
 - managing with, 168–169
 - meaning, 10
 - mechanisms, 122–127
 - non-applicability, 141–143
 - non-financial measures, 137–138
 - opportunities, 123–127
 - organizational designs for, 165, 169–172, 181; comparisons, 171
 - problem resolution, 134; cost assessment, 129–132
 - revenue drivers, finding, 135–137
 - selectivity, 140
 - strategic capacity, 178–182
 - sustainability, 137, 139–140
 - uncertainty, 166
 - using, 145–147
- air journeys, 117–119
- Alcoa, 142–143, 184
- Anderson, Helen, 40
- automobile assembly, 147–148, 150
- automobile defects, 58–60
- balanced performance measurement
 - anticipating changes of measures, 104, 106–107
 - approach, 42
 - combining dissimilar measures, 104–107
 - compared to ABPA, 160–166
 - deficiencies, 7
 - distortions: by formulas, 105; by subjectivity, 105–106
 - dominance, 2
 - formulaic or subjective measures, 104–105
 - generic and specific measures, 101–103
 - impact on employees, 100
 - implementation, 107
 - requirements, 101–102; finding right measures, 101–104; testing business models, 103–104
 - sale-focused strategies, 108–112
 - scorecards *see* balanced scorecards
 - strategic management, 182–186
 - subjective elements, 87–89, 91–92, 96, 105–106
 - weighting measures, 92–97, 104
- Balanced Scorecard Collaborative, 2
- balanced scorecards
 - bottom-line performance measures, 97–100
 - case study, 82–100
 - example, 88; analysis, 90–100; elements, 86–90; flowchart, 92

- flowcharts, 91–92
- generally, 81–82
- banks
 - costs of balance inquiries, 125
 - ROAs, 69–71
- batting averages, baseball, 52–54
- Biddle, Gary, 41
- bonuses *see* incentive payments
- Bowen, Robert, 41
- British Airways, 119
- business models, 83–84
 - examples, 98
 - injury-free workplaces, 143
 - performance, 42–44
 - testing, 103–104
- capability-maturity model, 149
- Carnegie-Mellon University, 149
- cash flow return on investment (CFROI), 46
- chain stores, 173
- Chen, Shimin, 41
- Citigroup, 16
- coarse-grained measures, 145–146
- command economics, 16
- compensation *see* incentive payments
- compression principle, 47
- consensus, 65–69
- convergence, 51
 - change of measures, 71–76; quantitative tests, 74–76
 - effect of external changes, 69–71
 - reasons, 52; consensus, 65–69; perverse learning, 60–62; positive learning, 52–60; selection process, 62–64; suppression, 64–65
 - relative performance management, 76–78
 - search for new measures, 59–60
 - significance, 76–79
 - use-it-or-lose-it principle, 78–79
- cost measures, 33–34
- costs
 - drivers, distinguishing from revenue drivers, 135
 - relation to revenues, 113, 119–122, 123, 131–135
- customer net revenue, 127, 153–160
- customer profitability
 - analysis, 7–10
 - incentive payments, 159–160
 - measurement, 127–128
- customer satisfaction, 42–44
 - impact, 7–8
 - measurement, 86, 87
- customers
 - complaints, 128
 - e-commerce, 176
 - focus of ABPA, 115, 122–123
 - retention of, 138
- decentralization, 169, 179, 182–186
- delegation, 169
- distribution systems, 121
- Dodd, James L., 41
- DuPont, 37
- Eccles, Robert, 81–82
- e-commerce models, 176–177
- economic performance
 - anticipation, 19–20
 - meaning, 19–20
 - timeframe, 24
 - uncertainty, 24
 - unmeasurability, 22
- economic value added (EVA), 34, 40, 46
- employees
 - courtesy, 137
 - impact of scorecards, 100
 - injuries, 142–143, 184
 - mobilizing, 143
 - safety, 142–143
 - satisfaction, 7–9, 43–44
- Envirosystems Corporation, 26–28, 36
- Ernst & Young, 34
- financial measures, 32, 34
 - driving downwards, 37–41
 - vs. ABPA, 160–166
- fine-grained measures, 145–146
 - organizational learning, 147–150
- firms *see* organizations
- Fisher, Franklin, 19
- General Electric, 16, 72–74, 76
- General Motors, 37
- Gerstner, Louis, 40

- Global Financial Services (GFS), 82–100
 - ABC case study, 127–131
 - balance and fee revenues, 111
 - balanced scorecards, 88, 92 104–105, 108; subjective and formulaic measures, 185
 - business model, 84, 98
 - customer complaints, 128
 - customer profitability, 127–128
 - customer satisfaction, 129
 - decomposition of earnings, 110
 - performance incentive programme, 85–86; evolution, 94; flowchart, 91
 - problem resolution, 129–131, 134
 - sales-focused strategy, 108–112
 - unit costs of balance inquiries, 125
- global firms, 180
- goal displacement, 16
- Gould, Stephen Jay, 52–53
- Harvard University, 61–62
- Honda, 148
- hospitals, 53–56
 - in-patient costs, 56
 - length of stay, 55
 - mortality rates, 59–60
 - occupancy rates, 57
 - standards, 65
- implementation, comparison of systems, 163–166
- incentive payments
 - ABPA, 153–160
 - applicability of measures, 6
 - comparison of systems, 162–163
 - problem, 4, 7–10
 - schemes, 82–86; evolution, 94; flowcharts, 91; scorecards, 86–90, 100
- inefficiency, 138–139
- inertia, 28
- initial public offerings (IPOs), 65–69
- Institute of Management Accountants, 1
- internet, 176–177
- Johnson, George, 47
- Kanthal, 136
- Kaplan, Robert, 2–4, 7, 42, 81–82, 90, 101
- key process attributes, 149
- learning
 - comparison of systems, 163
 - fine-grained measures, 147–150
 - from ABPA, 150–160; action and learning, 152–158
 - perverse learning, 60–62
 - positive learning, 52–60
- Lewis, Michael, 142
- management, with ABPA, 168–169
- Mansfield, Harvey, 61
- manufacturing organizational designs, 173–176
- market valuation
 - cash flow return on investment (CFROI), 46
 - economic value added (EVA), 34, 40, 46
 - market value added (MVA), 46
 - measures, 31–32, 34
 - preoccupation with, 46
 - total shareholder return (TSR), 46
- mass customization, 179–181
- Moldt, Ed, 27–29
- money market mutual funds (MMMFs), 63–64
- motivation, theory, 36
- Neuhauser, Duncan, 59
- Nightingale, Florence, 59
- non-financial measures, 32–34
 - ABPA, 137–138
 - paucity, 7, 10
 - promotion, 42–44
- Norton, David, 2–4, 7, 42, 81–82, 90, 101
- nuclear power plants, 56–58, 60
- O'Neill, Paul, 142–143
- organizational designs, 11, 37–40
 - e-commerce, 176–177
 - for ABPA, 165, 169–172, 181; comparisons, 171
 - manufactures, 173–176

- organizational isomorphism, 59
- organizations
 - elemental conception, 10–12, 141
 - entrepreneurial firms, 26–28
 - global firms, 180
 - large firms, 28, 36–37; simplification of measurement, 48
 - units, 29
- performance
 - business models, 42–44
 - chains, 7–10, 168
 - dimensions, 20
 - drivers, 162
 - meaning, 19–20
 - modern conception, 7–8
 - timeframe, 23
 - types, 22–23
- performance measurement
 - choices, 107
 - convergence *see* convergence
 - inferences, 24, 26, 29–30, 47–48
 - precision, 16
 - purposes, 30–37, 113
 - requirements, 6–8; applicability to
 - incentives, 6; parsimony, 6;
 - pervasiveness, 10; predictive ability, 6;
 - reasons for failure to meet, 7–8;
 - stability, 6
 - role of people, 51–52, 78
 - simplification, 47–48
 - size and complexity complications, 26;
 - entrepreneurial firms, 26–28; large firms, 28, 36–37
 - uncertainty, 47
- performance measures
 - correlations, 2–3, 80
 - deficiencies, 21; reasons, 22–26
 - fluidity, 7–9
 - improvement attempts, 37–41; driving
 - financial measures downward, 42–44;
 - promoting non-financial measures, 44–46
 - proliferation, 45; c. 1960, 45; c. 1990, 46
 - compression, 47
 - types, 7, 31–34; comparison, 35;
 - cost measures, 33–36; financial measures, 31–32, 34, 37–41; market valuation, 32–34; non-financial measures, 10, 34, 42–44, 137–138, 160–166
 - vulnerabilities, 48–49
- pharmaceutical firms, 180
- Pioneer Petroleum, 104–105
- Porter, Michael, 7–9
- Power, J. D., and Associates, 58–60, 75
- problem resolution, cost assessment, 129–132
- products
 - development, 32–33
 - made to specifications, 117, 140
 - not made to specifications, 117–120, 140
 - time-sensitive products, 120–122
- profit impact of market strategy (PIMS), 75–76
- profit margins, 159
- qualitative indicators, 87
- quotas, 4–5, 16
- return-on-asset (ROA) accounting, 69–71, 182
- return-on-investment (ROI)
 - targets, 60
- revenue drivers
 - distinguishing from cost drivers, 135
 - finding with ABPA, 135–137
 - relation to costs, 113, 119–123, 131–135
- sales-focused strategies, 108–112
- schools, reading levels, 65
- Sears, 43–44, 48, 99, 103
- share value, 20, 32
- Smith, Adam, 5
- software
 - ABPA, 150–153
 - development, 148, 150
- specialization, large firms, 36
- Stern, Joel, 40–41
- strategic management, 168–169, 178–182
 - decentralization, 182–186

Cambridge University Press

0521812437 - Rethinking Performance Measurement: Beyond the Balanced Scorecard

Marshall W. Meyer

Index

[More information](#)

202

Index

stretch goals, 25
supply chains, 121

total shareholder return (TSR), 46
Toyota, 147–148

United Way thermometer, 24–26, 36–37,
76–77

use-it-or-lose-it principle, 78–79

Volvo, 148

Wallace, James, 41
web portals, 176–177

Weber, Max, 16

Weil, Sanford, 16

Welch, Jack, 16, 73–74,
76

Williamson, Oliver, 38