

Reflections on Wisner & Fawcett, 1991



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Setting up measurements

Co-ordination; Monitoring; Diagnostics

- Forward-looking prediction and insight
- Provide feedback and build understanding
- Focus on: systematic thinking, fundamental structural change and organisational learning

• A framework for understanding and alignment with top-level objectives of the organisation



Introduction

Aim of the paper:

- "...review the recent literature on performance measurement systems"
- "...identify basic characteristics of world-class manufacturers"
- "...discuss the lack of guidance traditional performance criteria provide the firm in its efforts to achieve manufacturing excellence"
- "...discuss approaches to the development of performance criteria that are both flexible and promote continual improvement in a firm's competitive position"



Characteristics of world-class manufacturers

1. Active pursuit of a systems-integrative approach to competition, emphasizing manufacturing excellence.
2. Extensive training and human resource development to fully integrate workers into all aspects of the manufacturing process.
3. Relentless pursuit of continual improvement in both product and process.
4. Dedication to developing a competitive advantage based on superior quality products. Also seeking advancement in other competitive dimensions.
5. Emphasis on long-term considerations over short-term profitability.



The aim of an effective measurement system

”An effective performance measurement system should lead to the integration of operations, marketing, finance, engineering, and accounting so that they act as one coordinated value-adding system.”



The development of an effective performance measurement system

Clearly define the firm's mission statement

Identify the firm's strategic objectives using the mission statement as a guide.

Develop an understanding of each functional area's role in achieving the various strategic objectives.

For each functional area, develop global performance measures, capable of defining the firm's overall competitive position to top management

Communicate strategic objectives and performance goals to lower levels in the organization.
Establish more specific performance criteria at each level.

Assure consistency with strategic objectives among the performance criteria used at each level

Assure the compatibility of performance measures used in all functional areas.

Use the performance measurement system to identify competitive position, locate problem areas, assist the firm in updating strategic objectives and making tactical decisions to achieve these objectives and supply feedback after the decisions are implemented.

Periodically reevaluate the appropriateness of the established performance measurement system in view of the current competitive environment.



Typical performance criteria

- Quality
- Cost
- Flexibility
- Dependability
- Innovation



Reflections

Did you learn anything from this paper?

Does the paper fulfill its aim?

Is this paper scientific?



Next meeting: 2016-04-19

• Pulse meeting 2

Deliverables:

- ✓ **Process description and products**
 - ✓ Includes an overview of the production process:
 - ✓ Mapping of the process
 - ✓ Layout
 - ✓ Equipment
 - ✓ Material handling and logistics
 - ✓ Information – planning and control of process
 - ✓ Maintenance

- ✓ **Capacity and organization**
 - ✓ The capacity of the production system is analyzed:
 - ✓ Working hours
 - ✓ Number of employees and organization
 - ✓ Delivery capability and delivery reliability
 - ✓ Production volume and volume variations



Next real lecture: 2016-04-22

Production system development

