PERFORMANCE MEASUREMENT AND EVALUATION

Course Guide
The Course Team

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1 Course aims

The Course Team of B889 Performance Measurement and Evaluation has developed this course with a wide range of people in mind – from external users of performance-related information to producers of it. We all play multiple roles and have multiple interests in the performance of organizations and individuals. In order to address this subject area within an MBA course, we have naturally developed the materials with middle to senior managers in mind. However, the Course Team feels that it is vital not to lose sight of multiple perspectives and interests. We hope that by the time you complete your study you will have gained an appreciation of many issues which performance measurement and evaluation raise for all stakeholders.

Thus the aims of B889 are to enable managers to:

- understand the concepts involved in the measurement and evaluation of all aspects of the performance of an organization and of the people involved with it
- develop a critical appreciation of the issues involved in designing, using and choosing between performance measures
- understand the complex relationship between measurement, control and management decision making.

As you will see from Unit 1, we will return frequently to the interrelationships between performance measurement, control and decision making, to keep the purposes of measurement and evaluation constantly in mind.

Because every manager studying the course will bring to it a unique combination of interests, experience, learning and management styles, and opportunities to apply the ideas from the course, we cannot control the attainment of the learning outcomes that we hope will result from your study of the course. However, we will be seeking information through formal and informal channels about the success of the course in meeting its aims, in case we need to adjust our inputs.

This course should complement any combination of other Stage II MBA courses. We have also tried to design it to be of equal relevance to managers in the private and in the public sectors, whose organizations, large or small, deliver any sort of product or service. We will welcome feedback on how far all our aims have been achieved. Please see Section 8 of this guide for contact points.
2 Course structure and planning your study

The course units for B889 are arranged into four study blocks. You should note from the outset that the study time for the blocks varies – refer to the Course Calendar for details. There is some variability between unit lengths, too, but each should take approximately two weeks to study, taking associated Supplementary Readings, audio-visual material and in-text activities into account. On the calendar we have allowed additional time for the completion of Tutor-Marked Assignments (TMAs) and the Residential School.

Block 1 Introduction (Units 1 and 2) brings in the major themes of the course: the role of performance measurement and evaluation in decision making and management control; the need to assess performance on a number of dimensions in order to evaluate whole organizations; the importance of recognizing different stakeholder interests.

Block 2 The Building Blocks of Performance Measurement (Units 3–6) uses fairly conventional functional boundaries to review key issues and approaches to performance evaluation in marketing, human resource management, operations management and finance.

Each unit in Block 3 Some Current Issues and Applications (Units 7–10) brings together some of the measures discussed in Blocks 1 and 2, in specific sectors (such as health care and training) and contexts (quality management, environmental audit). The material in Block 4 The Broader Scene is presented in a more flexible format, including a substantial unit, which has supporting case studies and readings, and a short unit concluding the course. Decision making, modeling and uncertainty are major themes in this final study block.

Although the first TMA is not due until you have started studying Block 2, you will need to give some preliminary thought to the final TMA (the ‘mini-project’) as soon as you receive TMA Booklet 2, which contains the Project Guide and TMAs 02 and 04. This will be particularly important for TMA 04 if you anticipate studying an organization other than the one in which you work. So please set some time aside, during your preliminary planning for starting the course, to read the Project Guide, and contact your tutor if you would like to discuss alternative organizations for your project. We have included suggestions for the development of such an ‘alternative project’ in the Appendix in TMA Booklet 2, and there are materials in the written and audio-visual case studies that you may find helpful in this context (see Section 3 of this guide). TMA 02, which focuses on planning for the mini-project, is due by the time you complete Block 2 at the latest, but you can submit it earlier if you wish. TMA 03 is designed to round off your study of Block 3, and you should expect to work on TMA 04 in parallel with your study of Block 4.

Another good reason to think ahead to the final TMA is to make effective use of the Residential School. One of the objectives of the Residential School is to provide opportunities for the development of skills and understanding of specialized approaches relevant to performance measurement and evaluation, which can be applied in the mini-project. The final activity in Unit 1 can help you to diagnose your own learning needs. We recommend that, when you receive the Residential School materials, you use the final activity in Unit 1 and
the Project Guide to identify the sorts of help you may try to obtain at Residential School (either by attending an elective session or by seeking individual assistance).

Several Case Studies have been specially produced for this course. They involve written or audio-visual material, or both, and have a variety of uses. More detail is given about the nature and use of the course components in Section 3 of this guide. Figure 1 is an overview of how the course fits together.

Figure 1  Structure of the course
3 Course components

3.1 Supplementary Readings

There are four booklets of Supplementary Readings for the 1994 presentation of B889. They comprise articles which have been either published already or specially commissioned for the course. They are directly related to one or more study units. (In 1995 a Course Reader containing all the articles will be published. The booklet format has been chosen for 1994 so that we can continue to select relevant readings throughout the period of course production.)

3.2 Case Studies

From the outset, the B889 Course Team felt that it would be important to use case studies to illustrate the diversity of approaches to performance evaluation, which is essential for effective organizational performance. The main case studies, which are provided independently rather than being incorporated within individual units, are outlined here. Of course, there are many case examples within the course units and readings but you should build up your own collection of case study material from journals, newspapers and other sources.

Čokoládovny: Czech Mates? is an audio-visual case study (Video 1, Audio 1) featuring Čokoládovny, a manufacturer of chocolates and biscuits, based in Prague, and now in partnership with the European Bank for Reconstruction and Development (EBRD) and western European confectionery manufacturers. A key theme is the development of appropriate approaches to performance measurement to enable the company to survive and prosper in a market economy. This case is the basis for your work on TMA 01 and is referred to in Unit 2. Therefore you should ensure that you have access to a video recorder and a tape recorder in good time for your work on that TMA. (There will probably be an opportunity to see the video at the Residential School.) You may find it helpful to study the tapes in a study group and to discuss them in the group before writing your TMA.

Case Study 1: Performance indicators for Lewisham Theatre (Case Study Booklet) documents the progress of a local authority arts venue as it seeks to address the issues raised by the growing pressure on public services to use performance indicators in the pursuit of strategic objectives. If you wish to use an organization other than the one you work in for the mini-project, this case study together with Video 4 and Audio 5 should provide valuable source material. The case may also be used in a tutorial.

Case Study 2: Technology Supplies Ltd (Case Study Booklet) tells the story of a small business as it tries to use performance-related information to control its growth. You are invited to put yourself in the shoes of the owner and address some of the problems which he encountered. This case study may be used in a tutorial, and could also form a useful input to a study group discussion or work on the mini-project.

Case Study 3: ICL – measuring performance in the Customer Service Division (Case Study Booklet and Audio 3) describes many of the ways in which systematic and comprehensive performance information has been used to underpin the
turnaround and growth of a key division of ICL, one of the UK’s longest-lived computer systems manufacturers. The written case study is referred to in Unit 3 and Unit 7. Both the text and the audio material may be used in a tutorial.

**Case Study 4: Introducing performance management in the public sector – a tale of two councils** (Case Study Booklet, Video 2, Audio 2) provides a wide-ranging picture of current developments in performance evaluation in local government. In particular, the spotlight is turned on Kirklees Metropolitan Borough Council and East Hampshire District Council. As well as providing material for use in tutorials and as an input to the mini-project, if you would like to develop your own ‘local government case study’, this material should help you to understand developments which are likely to be affecting some of the vital services you receive. The case will also add insights to your study of Unit 8 and Unit 9.

**Block 4** incorporates several in-depth case studies including: Tate St Ives (see Section 3.3 Videos and Section 3.4 Audio-cassettes); renewable energy research and development in the UK, and the international airline industry. You may find it useful to skim the material on Block 4 as soon as you receive it to see whether you can draw on any of it later in your mini-project.

### 3.3 Videos

**Video 1:** *Czech Mates?* features Čokoládovny (see Section 3.2 Case Studies) and, with the accompanying audio-cassette (Audio 1), forms the core material for TMA 01.

**Video 2:** *Working It Out* features East Hampshire District Council and is supported by written material in the Case Study Booklet (see Section 3.2 of this guide) and by Audio 2.

**Video 3:** *Environmental Management* explores the approaches to environmental management taken by two very different small to medium sized enterprises. This video and the accompanying audio-cassette (Audio 4) is linked to Unit 10, and will be relevant to your work towards TMA 03.

**Video 4:** *Performing Art* addresses several issues that are central to Block 4, including the changing objectives for public services and stakeholder interests in their performance. You could draw on this case study with its accompanying audio-cassette (Audio 6) in your work for the mini-project, if you choose to look at an organization in the non-profit or arts sector.

### 3.4 Audio-cassettes

**Audio 1:** *Czech mates? – more of the story* provides additional background material to Video 1 on Čokoládovny, and an input to TMA 01.

**Audio 2:** *Approaches to performance management* highlights some of the common issues in performance measurement in Kirklees and East Hampshire local authorities through a discussion between Robert Hughes, Chief Executive of Kirklees Metropolitan Borough Council, and Brad Roynon, Chief Executive of East Hampshire District Council (see Section 3.2 Case Studies).
**Audio 3:** *Performance Management in ICL* accompanies the ICL Case Study (see Section 3.2 Case Studies) and provides some additional insights into the operation of performance measurement in ICL’s Customer Service Division.

**Audio 4:** *Environmental Management* supports the material in Video 3 and Unit 10, addressing key issues in environmental audit and management. It will support your study of Unit 10 and your work on TMA 03.

**Audio 5:** *A Stake in Complexity: Block 4* addresses several of the themes in Block 4 and will support your work towards the mini-project (TMA 04).

**Audio 6:** *Tate St Ives—more of the story* provides further insights into the decision making that led to the opening in 1993 of Cornwall’s prestigious new art gallery. It may also provide inputs to your work towards TMA 04.
4 Interactions

Although B889 is a normal distance-learning Open University course, we hope that you will not be studying it in complete isolation! The following suggestions should encourage you to make full use of the opportunities for interaction with fellow students, tutors and the Course Team.

4.1 Tutors and tutorials

Your study of B889 is supported by 12 hours of group tutorial sessions. In some regions you may have six two-hour tutorials; in others the later tutorials may be combined into one or two ‘half-day schools’. Your first opportunity to meet your tutor and fellow students face-to-face should come within a few weeks of the course start date. As the year proceeds, the broad programme of tutorial activities will be similar for all groups. They will include group analysis of case studies, preparation for and feedback on TMAs, and planning and discussions connected with the development of a performance profile for the mini-project. Your Regional Centre will inform you of the dates, times and locations of your tutorials.

Your tutor should inform you of the plans for each tutorial and any preparatory work that is required. If there are any items that you would like to be covered it would be helpful if you could let your tutor know at least a week in advance. In many regions there will be more than one tutor group so, if you cannot attend one of your own tutor’s sessions, you may be able to join in another tutor’s session. Please ensure that you let both tutors know of your intentions. Your tutor is also there to help with individual problems connected with your studies, and would far rather hear from you as soon as you need support or advice than discover your needs too late to be able to help.

4.2 Residential School

The two-and-a-half-day Residential School for B889 is during April. Schools will run during the week as well as at weekends. Full details will be sent to you in a later mailing, but you may like a little more information at this stage. The Residential School is designed to make full use of a sustained period of face-to-face contact early in the course, to help you identify and meet some of your learning needs in connection with the course assessment (especially the mini-project). There will be a number of specialist workshop sessions, case study analysis and ample opportunity for networking with other students and tutors.

To gain the most from the Residential School, we would like you to do some preparatory, diagnostic work as mentioned above. If you have any queries about the school, contact your tutor in the first instance.
4.3 CoSy computer conferencing

Although B889 does not require you to use the CoSy computer conferencing system, there will be at least one B889 CoSy conference running throughout the year. If you have access, please use it to feed in comments and ideas about the course and to network with students and tutors. If there is sufficient demand we will try to organize CoSy seminars on course-related topics. If you do not have access to CoSy, but would like to find out more about the system and how to register as a user, contact D.T. Meara, CoSy Manager, Academic Computing Service, The Open University, Milton Keynes MK7 6AA.

4.4 Study groups

Like many Course Teams, we strongly encourage you to form or join a study group. Such a group need not meet frequently, or involve complicated arrangements, but it can at least provide you with a network of people to contact by telephone, who live or work relatively near to you, and who can provide an alternative view to your tutor's when you want to try out your ideas. Some study groups may involve only three or four people but they can provide very useful opportunities for working on group and individual projects, for digesting case studies and gaining additional insights into them, and for practising examination questions and pooling ideas for revision. They can also help tutors use tutorials more fully, as getting to know each other's ways of working does not happen only in those more formal sessions.

Your tutor will be more than willing to provide a list of the names, addresses and telephone numbers of students who have agreed to share this information. You can add CoSy user names if you have access. Tutors will provide additional support if possible, but the onus is on students to get study groups moving. We hope that you will want to give it a try.
Full details of the B889 assessment strategy are given in the Tutor-Marked Assignment Booklets (TMA Booklet 2 includes the Project Guide). Some key points are introduced here, but you should read the TMA Booklets at the earliest opportunity when planning your studies.

In each course unit, and in some of the case studies, there are in-text activities. They range from a prompt to you to check that you have understood a new concept, which may take seconds, through to substantial tasks that consolidate your learning of a major section of the text, or ask you to gather your own data for modelling purposes. There are also occasional Self-Assessment Questions (SAQs), where a model answer or preferred view is provided at the end of the unit against which you can check your answer.

Naturally, we would encourage you to complete all of the activities, as they are designed to help you progress through the course. However, there may be occasions when it is more convenient to return to an activity at a later stage (perhaps when you have finished a unit, or in your work on a TMA) and use it to consolidate your study. The approach you adopt will reflect your own learning needs as well as the time you have available but, as a minimum, we recommend that you read each activity and note down any that you feel may pose problems for you; prioritize them when you are preparing for a tutorial, a TMA or the exam, and contact your tutor if they do reveal problem areas.

TMAs account for 60% of the overall course assessment, indicating the Course Team's view that continuous assessment is a particularly appropriate way to measure your performance. However, TMAs also serve a developmental purpose and you should not think of them solely in terms of testing your knowledge and understanding of course concepts but also as an opportunity to try out ideas and skills and obtain constructive feedback.

You will see from the TMA Booklets that the TMAs are weighted as follows, in terms of their contribution to the overall course assessment.

<table>
<thead>
<tr>
<th>TMA</th>
<th>Weight</th>
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<tbody>
<tr>
<td>TMA 01</td>
<td>15%</td>
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<tr>
<td>TMA 02</td>
<td>5%</td>
</tr>
<tr>
<td>TMA 03</td>
<td>15%</td>
</tr>
<tr>
<td>TMA 04</td>
<td>25%</td>
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</tbody>
</table>

TMAs 01 and 03 require reports of up to 2500 words. TMA 02 is a plan for your work towards TMA 04, the 'mini-project', which in turn asks for a report of up to 5000 words (plus appendices). Please read the guidance notes thoroughly and bear in mind the weightings of attributes which your tutor is asked to apply. At the risk of being boring, we must stress again that it is very important to identify the organization which you intend to study for TMAs 02 and 04 as early as possible in the course, particularly if you need to negotiate access to an organization with which you have not previously worked.

The three-hour final examination in October accounts for the remaining 40% of the overall course assessment. The Specimen Examination Paper (SEP), which you will receive during the course, will be a realistic representation of the structure and content of the examination itself. There should be time in the final tutorial for exam preparation. If you are in a study group this can be an excellent forum for working through the SEP under exam conditions or discussing the questions more informally.

Remember, you need to achieve an overall TMA mark of at least 40%, as well as a pass grade in the exam, to pass the course.
6 A note for Associate Students

In order to place some boundaries around a potentially vast subject area, we have assumed that students will have completed all modules of B880 The Competent Manager and B881 Strategic Management. If you are an Associate Student, or have joined this MBA programme without having studied all of the OBS Diploma courses included in B880, you may find that from time to time we have assumed prior knowledge which you feel you do not have. In this case, we advise you to contact your tutor or fellow students who may be able to lend you the relevant material or provide a brief review of it. In the unlikely event that these sources do not provide the support that you need, please contact your Regional Manager (at your Open University Regional Centre) or the B889 Course Manager at Walton Hall.
7 Getting started

You will receive your B883 course materials for 1994 in at least four mailings. These have been timed to arrive a week or more before you need to study them, but you may not be able to appreciate fully the scope of the course until the final mailing has arrived. Here are some suggestions to help you gain an overview at the start of the course, and to begin building networks to support your learning.

We advise you first to familiarize yourself thoroughly with the Course Calendar and this Course Guide, and then to look at the TMAs – particularly the Project Guide in TMA Booklet 2. As you will see, some early preparation may be necessary so that you can identify a suitable organization for the mini-project. Therefore we advise you to contact your tutor before the first tutorial if you would like their help in identifying such an organization. In any event, feel free to contact your tutor and introduce yourself if they do not contact you soon after you receive the first mailing. (Sometimes there is a delay in notifying tutors of the names and addresses of all of the students in their group.)

To ensure that you are thoroughly prepared for the Residential School, undertake any diagnostic preparation (including the personal audit in the final activity of Unit 1) in good time. The Residential School (in April) may enable you to form a network of B889 students who have interests in common with your own. Before the school, take any opportunity you can to contact other students – through the CoSy computer conferencing system as well as by contributing to the formation of a study group based on your tutor group, through other networks which you may have formed as an OBS student. Finally, start to build up your own library of examples and materials related to performance measurement and evaluation. As the course materials arrive, you may be able to elaborate on them and to gain additional insights by applying concepts and theories to recent examples which you have collected.
8 Finishing off

When we started to work on this course, the B889 Course Team felt that it was innovative in as much as we were not aware of many similar courses. We had set out deliberately to make links between performance measurement and evaluation in practice (in as many different contexts as possible) and the themes of strategic management and decision making, management control, complexity and uncertainty.

We hope that we have achieved our objectives and helped you to achieve yours. We will be actively seeking feedback at Residential Schools, through surveys of student views and from tutors. Of course, there are other routes to provide the Open Business School with feedback about any aspects of the service and products we provide, such as Quality Issue Cards (QICs).

However, if you would like to let the Course Team know more about your views on the course – ways in which we could develop it, problems related to materials or their delivery to you, examples of your use of the materials – please do not hesitate to contact us through the B889 Course Team Chair, School of Management, The Open University, Walton Hall, Milton Keynes MK7 6AA (telephone 0908 655888, fax 0908 655898, or via CoSy or QICs). You may need to leave a message, but we will acknowledge your communication as soon as possible.

Finally, we will always be interested to hear about developments in performance measurement and evaluation outside The Open University.
9 Open University Regional Centres

These regional centres are available to offer advice and guidance on any questions relating to study with The Open University.

Region 01 London

The Open University, London Region, Parsifal College, 527 Finchley Road, Hampstead, London NW3 7BG. Tel: 071 433 6161
Area covered: Greater London

Region 02 South

The Open University, South Region, Foxcombe Hall, Boars Hill, Oxford OX1 5HR. Tel: 0865 328038
Area covered: Berkshire, Buckinghamshire, Channel Islands, Dorset, Hampshire, Isle of Wight, Oxfordshire, part of Wiltshire

Region 03 South West

The Open University, South West Region, 4-5 Portwall Lane, Bristol BS1 6ND. Tel: 0272 256523
Area covered: Avon, Cornwall, Devon, Gloucestershire, Isles of Scilly, Somerset, most of Wiltshire

Region 04 West Midlands

The Open University, West Midlands Region, 66-68 High Street, Harborne, Birmingham B17 9NB. Tel: 021 428 1550
Area covered: Hereford and Worcester, Shropshire, most of Staffordshire, Warwickshire, West Midlands, BFPO Germany

Region 05 East Midlands

The Open University, East Midlands Region, The Octagon, 143 Derby Road, Nottingham NG7 1PH. Tel: 0602 240121
Area covered: Most of Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire, South Humberside, part of Staffordshire (Burton-on-Trent area)
Region 06 East Anglia

The Open University, East Anglia Region, Cintra House, 12 Hills Road, Cambridge CB2 1PF. Tel: 0223 61650

Area covered: Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk, Suffolk. Also addresses outside the UK except BFPO, Belgium, Luxembourg, the Netherlands, Republic of Ireland

Region 07 Yorkshire

The Open University, Yorkshire Region, Fairfax House, Merrion Street, Leeds LS2 8JU. Tel: 0532 451466

Area covered: North Humberside, North Yorkshire, South Yorkshire, West Yorkshire, BFPO Cyprus

Region 08 North West

The Open University, North West Region, Chorlton House, 70 Manchester Road, Chorlton-cum-Hardy, Manchester M21 1PQ. Tel: 061 862 6824

Area covered: Cheshire, part of Derbyshire, Isle of Man, Lancashire, Greater Manchester, Merseyside

Region 09 North

The Open University, North Region, Kings Manor, Newcastle upon Tyne NE1 6PA. Tel: 091 284 1611

Area covered: Cleveland, Cumbria, Durham, Northumberland, Tyne and Wear. Also Belgium, Luxembourg, the Netherlands

Sub-centres

Penrith Tel: 0768 63791
Middlesbrough Tel: 0642 816227

Region 10 Wales

The Open University in Wales, 24 Cathedral Road, Cardiff CF1 9SA. Tel: 0222 665636

Area covered: Wales

Region 11 Scotland

The Open University in Scotland, 10 Drumsheugh Gardens, Edinburgh EH3 7QJ. Tel: 031 225 2889

Area covered: Scotland
Region 12 Northern Ireland

The Open University in Northern Ireland, 40 University Road, Belfast BT7 1SU. Tel: 0232 245025
Area covered: Northern Ireland

Region 13 South East

The Open University, South East Region, St James's House, 150 London Road, East Grinstead RH19 1ES. Tel: 0342 410545
Area covered: Kent, Surrey, East Sussex, West Sussex