



DRAFT!

Advanced Performance Measurement with Application to Business Strategies

By

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Aim of the course:

“An organization operating without a performance measurement system is like an airplane flying without a compass, a Formula One race car driver guiding his car blindfolded, or a CEO operating without a strategic plan” (Johnson, 2003, p.1)

The importance of performance measurement is well established in the management and other related literature. For example, most papers in top marketing and management journals focus on the drivers that affect firm performance. If one cannot measure performance right, decisions about the evaluation of certain hypotheses/strategies can be completely wrong. The aim of this subject is to introduce students to advanced methods of measuring performance with a main focus on the management and marketing literature.

Course Outline

Day 1

1. Introduction to Simple Performance Methods/Discussion of Sample Articles from Leading Management and Marketing Journals
2. Overview of the Production Function/Distance Function/Cost Function
3. Overview of Various Production and Efficiency Concepts
4. Index Numbers/Data Envelopment Analysis
5. Application of Data Envelopment Analysis using the DEAP software/Discussion of Sample Articles from Leading Management Journals

Day 2

1. Stochastic Frontier Analysis
2. Application of Stochastic Frontier Analysis/Discussion of Sample Articles from Leading Management Journals
3. Introduction to Bayesian Stochastic Frontier/DEA Bootstrap

Day 3

1. Application of DEA bootstrap and Bayesian Stochastic Frontier using the Winbugs and R software.
2. Discussion of some Future Research Directions in the Management/Marketing Literature
3. Assisting Students in their Current Research Topics

Readings:

There is no textbook required for this chapter, but I do recommend reading the following papers:

1. Xueming Luo, Naveen Donthu, Assessing advertising media spending inefficiencies in generating sales, *Journal of Business Research*, 2005,
2. Xueming Luo, Christian Homburg, Satisfaction, Complaint, and the Stock Value Gap, *Journal of Marketing* 2008
3. Alexander Krasnikov, Satish Jayachandran and V Kumar, The Impact of Customer Relationship Management Implementation on Cost and Profit Efficiencies: Evidence from the U.S. Commercial Banking Industry, *Journal of Marketing*, 2009

Teaching methods:

The course consists of a mix of lectures and lab problems. In the lab sessions the discussed methods are implemented using real world data and examples.

Prerequisites:

Familiarity with statistics and econometrics is desirable.

Examination methods:

An exam will need to be taken in order to earn the credits. The form of the exam will be determined later.