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## Performance measurement models: an analysis for measuring innovation processes performance

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### Abstract

Most companies are trying to improve their performance in any way possible. The winning card will be hold by those who are trying to innovate, to obtain and sustain performance.

This paper aims to analyze the criteria from four of the most important performance measurement models that can be used to measure the performance of the innovation process: Balanced Scorecard, Malcolm Baldrige, Performance Prism and European Foundation for Quality Management (EFQM).

The study will be a theoretical one and it will on one hand emphasize the innovation elements from every model, and on another hand it will suggest the most adequate model to measure the performance of the innovation processes.

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### 1. Introduction

In recent years, because of the dynamic of the environment where organizations compete, more and more of them developed a considerable interest for performance measurement. The main role of performance measurement is to assess the current position of the organization and also to help managers create and implement a better strategy.

On a changing market, where many companies adopt about the same strategies, or have similar products or services, the only way to obtain long-term performance is to innovate.

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Innovation can be viewed as an important component of performance measurement, and the proof stands in the fact that most of the performance measurement models have some components that can measure the innovation process.

## 2. Performance measurement models

### 2.1. Balanced Scorecard

Kaplan and Norton (1996) present the Balanced Scorecard model as a useful tool for the managers to obtain a competitive advantage. These days, organizations are competing into a complex environment where understanding the objectives and the way they can be achieved it's vital. The Balanced Scorecard translates the mission and the organization strategy into a set of performance indicators that offers a model for the performance measurement system. The model assesses the organizational performance through four perspectives: financial, clients, learning and growth and internal processes (Kaplan & Norton, 1996).

The indicators represent a balance between external indicators for stakeholders and the internal indicators of critical processes, innovation learning and development.



Fig. 1. The Balanced Scorecard model

#### 2.1.1. Customer perspective

It is very important to know what customers want in terms of quality, costs and distribution, and the most important thing, what they want in the future from the organization.

Many times, the customer perspective is seen as a set of objectives which organization has to achieve to get and maintain the customers.

The objectives are the result of hypothesis made on the clients and their habits, on the markets which they represent and the value they perceive related to the organization.

#### 2.1.2. Financial perspective

Managing financial resources is very important for the success of the organization. Knowing how to attract the money and how to invest them as good as possible is vital. The most common mistake that most of the organizations do is to focus on financial results totally or partial ignoring the other perspectives.

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