

# **Unit 5: Business Performance Measurement and Improvement**

**Unit reference number:** M/506/4456

**Level 4:** BTEC Professional

**Credit value:** 6

**Guided learning hours:** 20

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## **Unit aim**

This unit provides the learner with an understanding of the nature and value of business performance measurement and the associated frameworks and measures used. The unit also provides an introduction to the role of management information in improving business performance.

## **Unit introduction**

The measurement of business performance is critical for all organisations as it gives a clear indication as to how likely an organisation is to achieve its objectives.

The performance of your organisation will be important to you as a successful organisation is much more able to achieve its targets, continuously improve and maintain a competitive advantage. At some point in your career you are likely to become involved in the measurement of business performance.

In this unit you will learn why and how business performance is measured. You will explore a range of both financial and non-financial performance measures and find out what they mean and why an organisation might choose those measures. You will consider different frameworks used in performance measurement such as including the Balanced Scorecard and Total Quality Management.

Underpinning all business performance systems are management information systems and you will learn the key role they play in enabling business performance measurement to take place.

## Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

### On completion of this unit a learner should:

Learning outcomes	Assessment criteria
1 Understand the nature and value of business performance measurement	1.1 Analyse the benefits of modern business performance measurement to an organisation 1.2 Analyse the features of an effective performance measurement system 1.3 Assess the relationship between corporate strategy and performance measurement systems
2 Understand the measures used in performance measurement systems in business organisations	2.1 Differentiate between financial and non-financial performance measures 2.2 Examine different non-financial and financial performance measures used in performance measurement systems 2.3 Compare the use of 'leading' and 'lagging' performance measures in performance management systems 2.4 Differentiate between Key Performance Indicators (KPIs) and performance measures 2.5 Evaluate the role of Key Performance Indicators in measuring the performance of an organisation
3 Understand the frameworks used in performance measurement systems in business organisations	3.1 Analyse the use of the Balance Scorecard Framework in measuring business performance 3.2 Examine the benefits and limitations of Total Quality Management in measuring business performance 3.3 Compare different measurement frameworks in business performance measurement

<b>Learning outcomes</b>	<b>Assessment criteria</b>
4 Understand the role of management information in improving business performance	4.1 Explain the functions of a management information system (MIS) 4.2 Assess how management information can be used to improve the performance of an organisation