

# Performance Measurement In Swiss Small and Medium Enterprises

Degree programme : BSc in Industrial Engineering and Management Science | Specialisation : Business Engineering  
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Many companies face the situation that they want to increase their current performance. To initiate such improvements, an analysis of the current situation is often the first step. To get an overview of the current situation, Key Performance Indicators (KPIs) are a powerful tool to measure performance. This thesis discusses different performance management approaches that are used in Swiss SMEs to monitor the day-to-day business and to develop strategies.

## Initial situation and objectives

Small and medium-sized enterprises (SMEs) often lack time to deal with strategic activities, since their very limited resources in terms of employees and financial means are often fully utilized by the daily work. However, it is necessary that SMEs know exactly where they earn money and where they lose it. To collect and evaluate such information, the use of information management systems is usually indispensable. Large companies already go further and work with formal ERP and Performance Measurement Systems (PMS). In such a PMS the most important objectives are determined and integrated as KPIs. Such formal PMS are not interesting for many SMEs, especially small ones. On the one hand for a lack of time, on the other hand SMEs have other interests and needs than large companies. Only very few and especially large SMEs need such PMS.

The goal of this paper is to provide an overview of the basic elements of a PMS. In addition, empirical insights are provided about how SMEs in Switzerland measure their performance according to today's standards. With these findings, a new PMS was created that each SME can adapt according to its needs to measure performance as efficiently as possible.

## Research Design

To develop a solid basis for this topic, an internet research was conducted. The findings from the research served as the basis for the interviews, which were conducted with ten managers from Swiss SMEs. The choice of interview partners was made with the aim of interviewing as many different SMEs as possible in terms of company size and industry association.

## Results and Recommendation

The work has highlighted that SMEs measure their performance quite differently. Owner-managed SMEs as well as small SMEs see a formal PMS more as a barrier. Also an ERP is not always used by these

companies. For SMEs managed by a general manager, an ERP system is the basis for his work. In this way, the performance of the employees is compared on the basis of this information, thus, creating a competitive pressure between the employees. In larger SMEs, PMS are used occasionally. The model created in this thesis shows the main elements: "KPIs", "Tools", "Roles" and "Process" of performance measurement for an SME. This model can be used for each SME as a spider diagram to find out the granularity of their actual used PMS. It is paramount to monitor in which areas today's Swiss SMEs do well and where they can improve their business in order to remain competitive. This can be done by deepening the granularity of PMS with an existing or a new ERP system. Therefore, an ERP is the basis for a PMS to track business activities in a formal and written form. This gives a clear overview of the past, which serves as a basis for future decisions.



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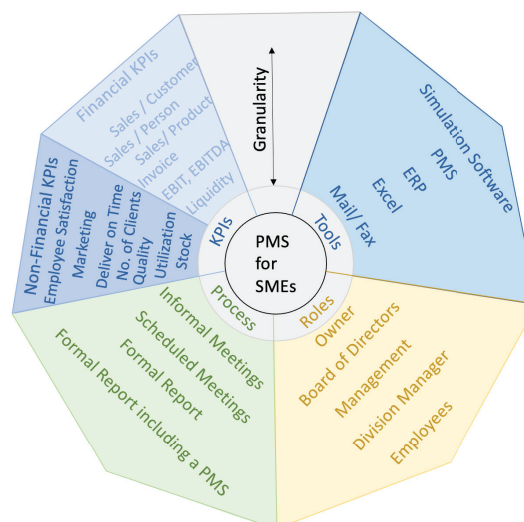


Illustration of the main elements of a Performance Measurement Systems for SMEs.