Title: Statistics, Performance Measurement and Corporate Collapses

Abstract: In recent years we have seen senior executives of huge corporations paid large bonuses for obtaining a 95% satisfaction rating from their customers, achieving record quarterly sales, reducing payroll expenses by 10%, ... and then suffering major loss of market share or collapse completely. What could have been done to prevent the Enron or WorldCom disasters ... or even to diminish the causes of the GFC? There is no single answer, but an important root cause may well lie in the fact that these enterprises lacked comprehensive Performance Measurement systems, that is, systems that provided Boards and leadership teams with concise and comprehensive quantitative information about the current and prospective performance of all aspects of the enterprise.

Performance Measurement is an area largely untouched by statisticians and, indeed, by Statistics. Yet it presents fascinating challenges, both in coming to terms with the key issues and in the sorts of statistical problems that can arise. It also provides statisticians with the opportunity to have a very significant impact on the performance of an enterprise, through interaction with its most senior executives. This talk provides a brief review of one approach to setting up an appropriate system.