

Research on Enterprise Development Stage and Performance Evaluation Index

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ABSTRACT

Performance evaluation indicators are a means to measure the business results of enterprises. Through the comparative study of indicators, we can find the business gap, accurately find the defects of enterprise management, and gradually adjust and improve the enterprise strategy. Enterprises have different operating characteristics in different life cycles and face different competitive environments. Therefore, according to the sequence of different development stages of enterprises, this paper will think about how to choose performance evaluation indicators in different periods and under different strategic backgrounds.

KEYWORDS: *enterprise development stage, management strategy, performance evaluation index, life cycle*

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INTRODUCTION

Enterprise performance evaluation is to describe the quality of enterprise operation, with the goal of improving operation management and enhancing competitive advantage. Through the comparative study of financial indicators and non-financial indicators, we can find the enterprise operation gap, analyze the reasons for the gap, and put forward targeted improvement suggestions and measures. As the business environment of the enterprise changes at all times, the life cycle and development stage of the enterprise itself will also change dynamically with the promotion of business activities, and then the innovation and revision of business strategy will occur, and the goal of enterprise management will also change. As the performance evaluation index and system reflecting the requirements of enterprise operation and management objectives, it should meet the requirements of the environment for a long time, make adjustment and innovation according to the changes of enterprise development stage and business activities, and guide managers to make better operation and management decisions from

the perspective of performance evaluation, so as to achieve the goal of maximizing enterprise benefits. Generally speaking, the performance evaluation system consists of evaluation objectives, evaluation indicators, evaluation standards and evaluation methods, among which the selection of evaluation indicators is the most key challenge faced by enterprises (itter and larcker, 1998). This paper will consider the performance evaluation indicators selected by enterprises in different periods one by one according to the sequence of different development stages of enterprises, analyze the strategic characteristics from the business strategies faced in different product competition stages, think about how to connect the performance evaluation index system with the enterprise product competition strategy, and think about what performance evaluation indicators should be selected under different strategic backgrounds? After all, once the enterprise strategy is put aside, the business performance of the enterprise will be difficult to judge (Hu Yuming, 2010).

LITERATURE REVIEW

Business performance evaluation is not only an important mechanism of enterprise management, but also a major issue facing enterprise development. Zhu Bo, GanShengdao (2015) found that business strategy plays a complete intermediary role between the degree of market competition and the adoption of non-financial indicators, that is, the higher the degree of market competition faced by enterprises, the higher the degree of forward-looking strategy and the higher the degree of non-financial indicators adopted by enterprises. Zhang Rui et al. (2016) proposed that business performance evaluation will develop in a multi-dimensional and in-depth way in the future: expand the multi-dimensional evaluation content, establish the evaluation concept of contradictory philosophy, build and implement the performance evaluation system of enterprises in dynamic and virtual environment, and pay attention to the rights boundary of operators. Liu Haichao et al. (2008) found that market competition is one of the fundamental driving factors for the change of enterprise business strategy, and the fundamental purpose of the change of enterprise business strategy is to achieve better strategic and financial performance. Zhang Rui et al. (2010) proposed that enterprises' financing ability, innovation ability, market development ability and managers' adaptability are important abilities for enterprises to survive, develop and achieve strategic business performance, and proposed that relevant evaluation indicators should be strengthened or added to the existing enterprise strategic business performance evaluation index system, so as to give full play to the guiding management role of performance evaluation, Reduce the harm of crisis to enterprises.

Product Competition Stage and Performance Evaluation Index Selection

The improvement of enterprise strategic business performance evaluation index system should follow the principles of relevance, importance and comprehensiveness. The system should take different evaluation indexes as the core, expand to the important influencing factors affecting enterprise performance, and form a comprehensive and systematic index system. Grasping the law of enterprise life cycle is of great significance for enterprises to make accurate strategic adjustment, maintain competitive advantage and realize sustainable development.

A. competition stage of output (Enterprise product introduction period)

Product introduction period refers to the period when a new product is officially put on the market and the product is not recognized, so the sales volume increases slowly. During this period, the consumer market does not obviously show the customer's demand for the new product. The characteristics of product introduction period are as follows: the performance of newly developed products is unstable and needs to be improved gradually; Consumers are unfamiliar with new products and lack comprehensive understanding and trust. Therefore, the strategic goal of the enterprise at this stage is to seize market share. Since few consumers are willing to try new products, in the case of uncertain product technology, enterprises do not have enough power or funds to pay attention to more complex aspects such as product innovation and technology upgrading. First, through the guarantee of product quantity, the new product rate should be brought into the sight of consumers' choice and win the first opportunity to seize the market, At this time, most of the business strategies of the enterprise focus on how to improve the output to quickly enter the product market, waiting for the customer's recognition and acceptance of the product to be improved to a certain extent, and waiting for such products to have a relatively stable customer base.

During this period, the enterprise's business performance evaluation index system should take the enterprise's production efficiency and growth ability as the core, which can mainly include: the growth rate of main business income, the growth rate of sales volume, the growth rate of operating income and so on; At the same time, in this period, the marketing cost invested by enterprises is very large. In the performance evaluation, we should pay attention to the comparative analysis of indicators related to the gross profit margin of enterprises.

B. competition stage of Product innovation research and development

B-1. Product differentiation strategy

Product differentiation strategy refers to the strategy adopted by enterprises to provide the market with the incomparable characteristics of high quality, reliability, innovation and product characteristics. Differentiated products can better meet the needs of consumers, promote enterprises to increase sales or allow enterprises to set higher prices, This requires enterprises to take the lead in launching products with high value and innovative

characteristics on the premise of meeting the basic needs of customers, and strive for a favorable competitive advantage with unique characteristics.

B-1.1. Evaluation of financial support:

To some extent, the differentiation strategy actually symbolizes the high financial support of the enterprise in technology R & D and patent application, lays a solid foundation for the enterprise's technology leading position, product specificity and operating profit growth in the future, and greatly increases the enterprise's competitive advantage and profitability. In addition, heterogeneous products require different design, raw materials and production processes. When the difference increases, the coordination of these products in the procurement and production process becomes more difficult, and some other special expenses will be increased. In order to produce a variety of products, enterprises can not make full use of economies of scale when purchasing raw materials, and partially lose the ability to bargain with suppliers, which will increase the production cost. Enterprises must also store a variety of different raw materials, which will also lead to an increase in inventory costs.

Therefore, in this period, we should add evaluation indicators to evaluate the financing ability and cash flow ability of enterprises. The ability of financing and obtaining cash flow is the premise and basis for an enterprise to achieve strategic business performance. Through the evaluation indicators of financing ability and obtaining cash flow ability, we can better predict the problems of the enterprise in these aspects, so as to take measures as soon as possible to reduce the harm. During this period, enterprises should strengthen the evaluation indicators of capital turnover capacity, and add indicators such as the ability of enterprises to organize projects to obtain loans, the ability to use trust funds for financing, the ratio of new loans, the sales discount rate, the bill discount rate and so on.

B-1.2. Assessment of innovative technologies and capabilities:

Technological innovation plays an important role in product R & D. in the stage of enterprise growth and product heterogeneity research, enterprises need to devote themselves to integrating various R & D resources to meet the needs of rapid product innovation. Innovative products must be close to consumers, understand consumers' preferences, and adapt to the development of modern technology application, Increase the technical added value of products while developing new products.

In the process of R & D of heterogeneous products, the measurement of the value of new intangible assets such as patent right, non patented technology, trademark right and franchise will be involved. Therefore, when selecting performance evaluation indicators at this stage, attention should be paid to evaluating whether the enterprise has a high ratio of intangible assets, Obtain the statistical analysis results of the proportion of intangible assets in total assets in the same period and the comparison of the growth rate of operating revenue brought by various types of products, so as to evaluate the R & D investment of different heterogeneous products and their contribution to revenue growth at this stage, try to find new products and new projects with low investment and high income, and provide data support for the formulation of subsequent product R & D and production investment, Provide experience and reference index calculation results for the budget scheme of the next round of product R & D and promotion.

At this stage, the market competition faced by enterprises is more intense, so they need to pay special attention to the quantity and quality of innovation achievements. The expanding technology platform and strong core competitiveness of enterprises are gradually emerging, the absorption capacity of technical knowledge is improved, and the increasing R & D investment can significantly improve the innovation level of enterprises. Therefore, indicators such as the conversion rate of innovation achievements should be added to the selection of indicators, It is used to evaluate the improvement of enterprise innovation level. It can also involve the performance evaluation and salary incentive statistics and evaluation of relevant technicians in the enterprise R & D department, which can be used as the enterprise performance evaluation index at this stage and provide a reference for the formulation and modification of the enterprise's subsequent business strategy.

With the society paying more and more attention to energy conservation, environmental protection and environmental governance, relevant special types of enterprises (such as light and heavy polluting enterprises) should also set up indicators to evaluate the ecological technological innovation, so as to highlight the core competitiveness brought by the evaluation to the sustainable development of enterprises. Ecological technological innovation refers to the saving and efficient utilization of resources and energy consumption, the reuse of

products, the technological innovation of waste recycling, and the product innovation with high-tech content that meets the requirements of environmental protection. This innovation constitutes the core competitiveness of special types of enterprises under the development mode of circular economy, which is closely related to the achievement of innovative strategic business performance. In the selection of performance evaluation indicators, indicators such as R & D investment of ecological technological innovation, R & D investment ratio of energy consumption saving, R & D investment ratio of three wastes recycling, and R & D investment of other high-tech new products that meet certain standards should be set (Zhang Rui et al., 2010).

B-2. Cost leadership strategy

Cost leadership strategy refers to the strategy that enterprises build competitive advantage by reducing costs, making the total cost of enterprises lower than the cost of competitors in many fields such as R & D, production, sales and services, and even reaching the lowest in the whole industry.

When enterprises choose the cost leadership strategy, the selection of performance evaluation indicators should pay attention to the evaluation and data analysis of operating cost rate, cost profit rate. At the same time, it should be regarded as an overall strategy of the enterprise, guided by the concept of cost system and cost-benefit, rebuild the internal business process, management structure and system of the enterprise, and optimize the management structure Reduce the management cost and make the internal system and mechanism of the enterprise more conducive to the realization of the low-cost strategic goal.

C. competition stage of Brand effect

Brand effect is the continuation of the value brought by a brand to an enterprise. In the current brand led business model, brand means commodity positioning, business model, consumer group and profit return. Establishing an enterprise brand requires a strong resource integration ability to show the essence of the enterprise to the world through the brand. When an enterprise is in the mature stage and is facing its own brand strategy, its business activities will become more complex, so the indicators involved in enterprise performance evaluation will shift from financial indicators to non-financial indicators.

Market share, also known as market share, to a large extent reflects the competitive position and profitability of enterprises. It is an indicator that enterprises attach great importance to, and market

share has two characteristics: quantity and quality. Through the market share and its changes, the guarantee degree of enterprise performance can be well evaluated. When selecting the performance evaluation indicators to measure the number of market shares, you can add or strengthen the evaluation indicators of market development ability, including user scale statistics, product shelf coverage in regional consumption sites, product audience composition, etc.

There are two main standards to measure the quality of market share: one is customer satisfaction and the other is customer loyalty (the quantitative index of customer loyalty). Many modern enterprises have established a modern customer-centered marketing concept. When formulating business strategies, they will consider the benefits of long-term mutual benefit between enterprises and customers. Loyal customers will buy the company's products more and more frequently, will be more willing to try new products or buy higher-grade products, and will be more willing to accept cross purchase related to brands. They are willing to recommend new customers and disseminate information conducive to the enterprise and brand, and are less sensitive to price, and are willing to pay high prices for high quality. When the customer satisfaction rate and customer loyalty rate are higher, the market share quality is better, on the contrary, the market share quality is worse.

D. Comprehensive competition stage of strategic resources

D-1. Evaluation of supply chain integration :

Supply chain management and inventory management are two aspects that can not be ignored, which will have a certain impact on business performance. With the development of enterprises becoming more and more mature, their dependence on resources is gradually increasing. At this time, enterprises often solve the problem of resource dependence and improve their business performance by optimizing the supply chain partnership. Supply chain partnership refers to a stable partnership between core manufacturing enterprises and suppliers and customers upstream and downstream of the supply chain (Luo e Xiang et al., 2020). Enterprises can take supplier concentration, customer concentration, inventory management level (inventory turnover) as enterprise performance evaluation indicators, and the analysis results as reference factors for integrating and stabilizing procurement and sales channels.

D-2. Evaluation of strategic cost management :

Cost control is the inevitable trend of modern enterprises. The level of cost control affects the realization of enterprise business objectives to a certain extent and plays an unusual role in enterprise management. Each link of enterprise business cost affects the good and bad economic benefits to varying degrees (Xu Zhongwei 2020). What strategic cost management emphasizes is to seek cost management with long-term competitive advantage, so as to promote the development of enterprises and better practice the strategic planning of enterprises. Compared with the short-term accounting period of traditional cost management, strategic cost management pays more attention to the development and competitive advantages of enterprises in the future (Zhang Yan 2020). Therefore, enterprises should take the proportion of various costs in the total operating cost, operating profit margin and other evaluation indicators as a part of the performance evaluation system. They can also consider comparing and analyzing the trend of the comprehensive budget data of each period, and use the results as the performance evaluation indicators under the implementation of strategic cost management.

D-3. Evaluation on the introduction of human resources in Enterprises :

In the final analysis, the competition among enterprises is the competition of talents. If an enterprise reserves talents, it is equal to reserving wealth. Excellent talents are the source of enterprise innovation and can seek huge value-added for enterprises. The brand effect of many enterprises is created by human resources. Therefore, evaluation indicators such as key talent retention rate, investment in maintaining excellent talents and introduction rate of excellent talents can be added as the measurement method of enterprise excellent talent reserve. At the same time, the adaptability of managers is also the embodiment of the comprehensive quality of excellent talents (Zhang Rui 2020). Therefore, the adaptability of managers can also be added to the performance evaluation indicators in this period as appropriate. All these are important factors for enterprises to maintain performance under normal and abnormal conditions, and should constitute an important content of strategic business performance evaluation.

CONCLUSION

The business environment of the enterprise is constantly changing, and the life cycle and development stage of the enterprise itself will

change dynamically with the promotion of business activities. After the innovation of business strategy, the goal of enterprise management will also change. As the performance evaluation index and system reflecting the requirements of enterprise operation and management objectives, it should meet the requirements of the environment for a long time, make adjustment and innovation according to the changes of enterprise development stage and business activities, and guide managers to make better operation and management decisions from the perspective of performance evaluation, so as to achieve the goal of maximizing enterprise benefits.

By distinguishing the new product introduction stage, innovation and R & D competition stage, enterprise brand effect competition stage and comprehensive competition stage of strategic resources, this paper analyzes the indicators suitable for its performance evaluation through the specific strategies implemented by enterprises in different development stages. In the new product introduction stage, it pays attention to the measurement and analysis of development ability indicators such as sales revenue growth rate. In the innovation R & D competition stage, it further subdivides the implementation of product differentiation and cost leadership strategy, which is suitable to add performance evaluation indicators such as fund-raising ability and innovation technology evaluation of enterprises. In the stage of brand effect competition, performance evaluation indicators related to market share should be added. Finally, in the stage of comprehensive competition of strategic resources, evaluation indicators related to the degree of supply chain integration, the degree of strategic cost management and the introduction of human resources can be added to evaluate the enterprise performance.

According to the principles of relevance, importance and comprehensiveness that should be followed in the setting of performance evaluation index system, the enterprise strategic operation performance evaluation index system should take the comprehensive ability evaluation index as the core, expand to the important influencing factors affecting enterprise performance, and form a comprehensive and systematic index system.

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