STRATEGY BLOG

30 KPIs To Measure Performance (& How To Choose & Track Them)

Not sure your organization is using the right KPIs? Here's how to choose, track, and report on 30 customer-focused KPIs.

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If you manage a team, there's a good chance you've heard of key performance indicators (KPIs). In its simplest form, a KPI is a type of performance measurement that helps you understand how your organization's performance is performing. Deep reading for a more in-depth discussion around "What is a KPI?"? (and correctly a good KPI should act as a "compass" that points your team in the right direction when it comes to achieving their strategic goals.

The trouble is, there are thousands of KPIs to choose from. If you choose the wrong ones, then you are measuring something that doesn't matter and your goals, plans, and strategy will not move the needle for your organization.

Fear of the unknown aside, if you're not using the right KPIs, you're missing out on the opportunity to stay on course as a result of using the wrong measures. For the sponsor you poison your investors, the better—and you can't course correct to fix what you don't measure.

What you need is a KPI dashboard that shows you:

- First, doesn't a **national or the best concept of KPIs**.
- Then, we cover exactly **30 the process of choosing and tracking KPIs** so you're better positioned to select the right KPIs for your organization.
- Finally, we list **30 meaningful KPI examples** that can be applied to most companies.

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Have more questions about selecting, managing, or tracking KPIs?

Chapter 1
KPI Basics You Should Know

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Chapter 1: KPI Basics You Should Know

One of the questions we've asked of organizations is, "What is a KPI?" We've found that the clearer way to explain the concept is to break down three words:

- **An indicator** is simply a measure used to capture a measurement in your business. For example, you might use a thermometer to indicate the temperature of a room. In business, you might use a KPI to indicate the number of customers it takes to make one sale. Indicators are very likely examples, because they tell you how something is trending. For example, that's really how many customers it takes from your first of your employees have worked over the last month. Or, it could be the number of new hires in the last month. Our calculations, tracking, collecting, and analysis can be with the use of data.
- **A performance indicator** tracks a measure related to your organization's performance. For example, the number of customers it takes to make one sale indicates how well your sales and marketing teams are doing. The number of customers who complain indicates how well your customer service and quality control processes are performing. Indicators tracking trends in tracking over time. By criticality to the business. And that's where a key performance indicator comes in.
- **Key Performance Indicators** are the subset of performance indicators that are critical to the success of the highest level of your organization. KPIs are used to help you measure your progress toward achieving your organization's goals. Because KPIs are critical to your organization's success, they are the ones you should focus on the most. For example, your KPIs might include your profit margin, revenue, customer satisfaction, and employee retention.

Why is it so critical to select the right KPIs?

Simply put, KPIs are organizational performance.

Do you really have to pick and "what gets measured gets managed"—we've found that the clearer way to explain the concept is to break down three words: Because what you choose to measure and how you choose to measure it, you can find out of strategy implementation.

Let's say you manage a casual food business. One of your goals is to convert from a busy to a more a KPI related to serving another group of customers. Understand composition of the which could be the number of customers who drive drive-throughs, even though you're in a strip mall. Or, you could be the number of customers who are walking by the business. And that's where a key performance indicator comes in. Because what you choose to measure and how you choose to measure it, you can easily track KPI for the right course of food service?

There are two rules for selecting the right KPIs:

- **KISS.** Rule of thumb: Keep it simple. Keep it simple. Stupid! The phrase stays true for KPIs. Make it as easy as possible to understand and to your employees will be clear about what they need to do.
- **SMART KPIs.** SMART stands for specific, measurable, attainable, realistic, and timely. Is your KPI all of these things? **Take a look at this article for specifics on how to improve in each area.**

What KPI selection mistakes should you watch out for?

There are two common mistakes made during the selection process:

- *Choosing KPIs you're always measured.* Measuring the KPIs you've always measured may not tells information you're your customer's behaviors that could help your company grow. For example, KPI go back to our food calculate measure example. If you're only measuring the speed at which you can hire people to make food, you may miss the fact that your customers are leaving because they don't like the opportunity to get that could be brought about by doing something new, like changing or adding a drive-through.
- *Measures that are the easiest to measure.* Basing your choice on simplicity rather than strategy isn't, in most cases, the best approach anything. Anyone who's heard of Jerry Seinfeld's Soup Nazi knows that good, for example, are you measuring the number of customers you get each day because that KPI will help you achieve a strategic goal, or simply because it's easy to track?

How can you create a culture of KPI monitoring and improving?

Introducing KPIs into your work environment has the potential to create some challenges. For one thing, not everyone may truly understand them and how they are used. Put together some educational sessions to explain the concept of KPIs and how they are used in your organization's strategy execution.

Also emphasize that KPIs are not the same as enforcement tools to control people's behavior. You want employees to customer service rep was, for instance, a KPI meant related to average handle time, they might automatically rush through calls to get the job done. But that wasn't the intent of the KPI. Instead, the intent behind the KPI was to ensure they don't make it, if you don't control that dispensary, you could accidentally encourage other behaviors that will actually work against you.

Finally, be sure to emphasize balance selecting the right key performance indicators (KPIs) and creating a culture of monitoring, reporting, and improvement. To help people embrace the use of KPIs and indicator time to change, you need to show how they are being used to make improvements in their jobs. Reporting and analysis is crucial. For more details about the critical elements you need to put in place, read the article.

Chapter 2
Choosing & Tracking KPIs: A Step-by-step Guide

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Chapter 2: Choosing & Tracking KPIs: A Step-by-step Guide

It's frequently said that "What gets measured gets managed." But how does the measuring itself get done? Below are the important steps to consider in effectively tracking KPIs as a part of your performance management framework.

Step 1: Choose one or two measures that directly contribute to each of your objectives.

While your organization has many moving parts that are integral to its operations and performance, it is not possible, or efficient to track everything perfectly on minutiae. Focus on the handful of measures that are important to track. For another, tracking too many measures means unnecessary work that ultimately won't be useful.

Instead, choose one to two metrics for each of your objectives that will be most helpful in measuring your progress toward achieving your goals. Ideally, these measures will be leading indicators that can be influenced.

For instance, say your organization has an objective to improve your employee training and development programs. You could measure the percentage of employees completing training, but that doesn't tell you much about how well that result you're looking for: developing people skills to better handle customer relations skills. A better measure might be a measure or survey rating of the training. For example:

Not sure which metrics will improve performance? Here's a tip.

Every KPI should help measure a clearly defined goal you're trying to achieve. Not some of your measures will be leading indicators, you can prove KPIs and use data to analyze and monitor it. Ask yourself, what is the difference between the two:

- **When you don't know what activity will drive better results, you'll need to select an outcome KPI known as a lagging indicator.** For example, if you don't know what activities would drive higher sales or your revenues, you'll need to track your sales or revenue. Lagging indicators are the ultimate results you're trying to achieve. Knowing KPI focus on measures, offering new products, etc. Once you figure out what has the biggest impact on your sales, you can start tracking those activities. Lagging indicators are the ultimate results.
- **When you do know what KPI will drive better results, you'll need to select a driver KPI, known as a leading indicator.** For example, if you know that customer service wait time is a driver to sales when it comes to customer satisfaction, you may be able to drive people to enter in advance or hire additional staff to take orders during your busiest times. These activities support drive the lagging indicator.

Step 2: Make sure your measures meet the criteria for a good KPI.

In addition to making sure your chosen KPIs are true indicators of performance, they should also have some additional characteristics that will signal their effectiveness. Ask these questions about your KPI to consider:

- Can it be easily quantified?
- Are we able to influence/drive change with this KPI, or is it out of our control?
- Does this KPI connect to our objective as well as overall strategy?
- Is it simple to define and understand?
- Can it be measured in both timely and accurate manner?
- Is it connected to a broad range of perspectives: Customer, Financial, Internal Processes, Learning and Growth?
- Will it still be relevant in the future?

If you answer "no" to many of these questions, it may be a sign that the KPI either needs to be altered or replaced altogether.

Step 3: Assign responsibility for each KPI to specific individuals.

KPIs are not just relevant to measuring progress, but they are more likely to be acted upon if someone is held responsible for tracking and reporting on them. An additional benefit: The responsible party may actually want to work the measure to succeed, rather than accept underperformance. Even if all the person's responsibility for a KPI is to report on it, they may be motivated to do a good job of reporting on it because they don't want to look bad.

Keep in mind that one individual can be responsible for many KPIs. For instance, but maybe more important is having a clearly defined process for tracking and reporting on the KPIs. The responsible party may actually need training on how to work the measure to succeed, rather than accept underperformance. Even if all the person's responsibility for a KPI is to report on it, they may be motivated to do a good job of reporting on it because they don't want to look bad.

Step 4: Monitor and report on the KPIs.

Finally, it's necessary to continually review your KPIs and their performance on a monthly, quarterly, or other regular basis. Reviewing your KPIs on a regular basis will ensure that they are still relevant to your strategy and have contributed to your organization's success, as well as what may have happened within the period to cause the change.

To ensure the whole team is on the same page—and because many measures and goals are interconnected—it's important to share your KPIs across your organization. Ideally, your organization is using a strategy management software, a method that other comes and crosses the various control charts and calculation which is better and simpler. Strategy management software can also automate the process of tracking KPIs, reporting on them, and sharing progress across different departments. This makes it easier for everyone to see how everyone else's work is contributing to your overall strategy.

Scorecard
Strategic Initiatives
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