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The 75 KPIs Every Manager Needs To Know

Bernard Marr



Key Performance Indicators (KPIs) should be the vital navigation instruments used by managers and leaders to understand whether they are on course to success or not. The right set of KPIs will shine light on performance and highlight areas that need attention. Without the right KPIs managers are flying blind, a bit like a pilot without instruments.

The problem is that most companies collect and report a vast amount of everything that is easy to measure and as a consequence their managers end up drowning in data while thirsting for insights.

Effective managers understand the key performance dimensions of their business by distilling them down into the critical KPIs. This is a bit like a doctor who takes measures such as heart rate, cholesterol levels, blood pressure and blood tests to check the health of their patients.

In order to identify the right KPIs for any business it is important to be clear about the objectives and strategic directions. Remember, navigation instruments are only useful if we know where we want to go. Therefore, first define the strategy and then closely link our KPIs to the objectives.

I believe KPIs have to be developed uniquely to fit the information needs of a company. However, what I have learnt over many years of helping companies and government organizations with their performance management and business intelligence is that there are some important (and innovative) KPIs everyone should know about. They will give you a solid base of knowledge. However, there will be other, more specialized measures designed for your specific strategy or industry context. Take for example the network performance KPIs for a telecom operator or the quality indicators for healthcare providers. These will have to be included in your list of KPIs but will not be found in the list below, at least not in their industry-specific format.

The list of 75 KPIs includes the metrics I consider the most important and informative and they make a good starting point for the development of a performance management system. Before we look at the list I would like to express an important warning: Don't just pick all 75 – You don't need or indeed should have all 75 KPIs. Instead, by understanding these 75 KPIs you will be able to pick the vital few meaningful indicators that are relevant for your business. Finally, the KPIs should then be used (and owned) by everyone in the business to inform decision-making (and not as mindless reporting references or as 'carrot & stick tools').

To measure financial performance:

1. Net Profit
2. Net Profit Margin
3. Gross Profit Margin
4. Operating Profit Margin

5. EBITDA
6. Revenue Growth Rate
7. Total Shareholder Return (TSR)
8. Economic Value Added (EVA)
9. Return on Investment (ROI)
10. Return on Capital Employed (ROCE)
11. Return on Assets (ROA)
12. Return on Equity (ROE)
13. Debt-to-Equity (D/E) Ratio
14. Cash Conversion Cycle (CCC)
15. Working Capital Ratio
16. Operating Expense Ratio (OER)
17. CAPEX to Sales Ratio
18. Price Earnings Ratio (P/E Ratio)
- To understand your customers:**
19. Net Promoter Score (NPS)
20. Customer Retention Rate
21. Customer Satisfaction Index
22. Customer Profitability Score

23. Customer Lifetime Value

24. Customer Turnover Rate

25. Customer Engagement

26. Customer Complaints

To gauge your market and marketing efforts:

27. Market Growth Rate

28. Market Share

29. Brand Equity

30. Cost per Lead

31. Conversion Rate

32. Search Engine Rankings (by keyword) and click-through rate

33. Page Views and Bounce Rate

34. Customer Online Engagement Level

35. Online Share of Voice (OSOV)

36. Social Networking Footprint

37. Klout Score

To measure your operational performance:

38. Six Sigma Level

39. Capacity Utilisation Rate (CUR)

40. Process Waste Level

41. Order Fulfilment Cycle Time

42. Delivery In Full, On Time (DIFOT) Rate

43. Inventory Shrinkage Rate (ISR)

44. Project Schedule Variance (PSV)

45. Project Cost Variance (PCV)

46. Earned Value (EV) Metric

47. Innovation Pipeline Strength (IPS)

48. Return on Innovation Investment (ROI2)

49. Time to Market

50. First Pass Yield (FPY)

51. Rework Level

52. Quality Index

53. Overall Equipment Effectiveness (OEE)

54. Process or Machine Downtime Level

55. First Contact Resolution (FCR)

To understand your employees and their performance:

56. Human Capital Value Added (HCVA)

57. Revenue Per Employee

58. Employee Satisfaction Index

59. Employee Engagement Level

60. Staff Advocacy Score

61. Employee Churn Rate

62. Average Employee Tenure

63. Absenteeism Bradford Factor

64. 360-Degree Feedback Score

65. Salary Competitiveness Ratio (SCR)

66. Time to Hire

67. Training Return on Investment

To measure your environmental and social sustainability performance:

68. Carbon Footprint

69. Water Footprint

70. Energy Consumption

71. Saving Levels Due to Conservation and Improvement Efforts

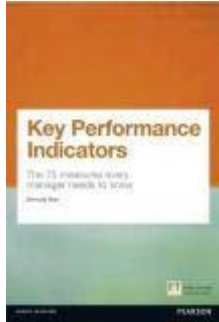
72. Supply Chain Miles

73. Waste Reduction Rate

74. Waste Recycling Rate

75. Product Recycling Rate

What do you think? Do you find this list useful? Are there others you would add? Or do you have wider comments on KPIs and how they are used?



If you would like to learn more about these and other KPIs (e.g. how to measure them) then have a look at the free online [KPI Library](#) of the [Advanced Performance Institute](#).

There, you can also read a free sample chapter of the new book [Key Performance Indicators: The 75 Measures Every Manager Needs To Know](#).

Bernard Marr is a best-selling business author and enterprise performance expert. Make sure you click 'Follow' if you would like to hear more from Bernard Marr in the future and feel free to also connect via [Twitter](#), [Facebook](#) and [The Advanced Performance Institute](#)

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