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Comprehension of KPI

KPI stands for Key Performance Indicators, it is a type of metric that is specifically used to evaluate the performance of businesses of any kind. By monitoring KPIs, organizations can track the progress over time toward a particular objective. I realized it’s an important parameter because the purpose of KPIs is deep-rooted rather than just analyzing performance and helps in making money, there is a direct link between an organization’s mission and its KPIs which helps in defining the purpose and goals of a business. It carries a degree of subjectivity. Thus, they get shaped by the context in which they are being used, and the people or companies who are using them according to their priorities. Thus, making every business approach to be different. (Dale, *A complete guide to Key Performance Indicators*)

I have divided the KPI into a good KPI scenario and a bad KPI scenario using an example in order to understand its characteristics. Let’s say YouTube declares to gain lots of new subscribers for its YouTube Premium membership, this example will be considered a bad KPI because it’s completely vague. There is no definitive amount to know YouTube will hit the target. Whereas if YouTube accelerates to achieve 10K of new subscribers each month it becomes easy to track the performance, growth, and campaigns in the timeframe in which one can hope to reach it. Therefore, it’s clear to me that KPI determines the success of the target and helps in undermining the strategic goals of the business. Significantly using and measuring the right KPIs will help a firm to accomplish faster outcomes. (Klipfolio, *What is a KPI?)*

There exist tools that will be efficient in measuring key performances which are well known to me as a Business Analyst student. Those are Spreadsheets, Analytical software like Power BI, Dashboarding, and reporting tools like tableau. They offer a selection of data visualization, and storytelling through graphs and figures by dealing with little or big or sophisticated data. It can be customized according to the organization’s requirements and provide analytical reports within a team. (Klipfolio, *What is a KPI?)*

This enlightens my understanding of the strengths and weaknesses of KPIs and how they can affect the decision-making of an organization. Before deciding on what KPIs I am going to measure, it’s important to consider the information whether it’s going to provide any useful insights that align with the organization’s goals. Eventually, KPIs make everyone accountable for performance.

Works Cited

Dale Pearson. “A complete guide to Key Performance Indicators.” *geckoboard* Blog, 4 Nov 2021.

<<https://www.geckoboard.com/blog/what-is-a-key-performance-indicator-kpi/>>

“What is a KPI?” *Klipfolio* Article.

[<https://www.klipfolio.com/resources/articles/what-is-a-key-performance-indicator>](https://www.klipfolio.com/resources/articles/what-is-a-key-performance-indicator)