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Smarter, Faster, and With Greater Confidence

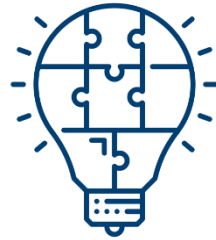
2024 OPERATIONAL KPI PRIORITIES & CHALLENGES

Survey Report

February 2024

K014039

ABOUT THIS REPORT



APQC conducted a survey to understand the common challenges and priorities associated with operational KPIs for process and performance management (PPM) practitioners in 2024.



This report explores trends in operational KPI reporting, including:

- » operational priorities for 2024,
- » choosing the right measures,
- » how organizations use KPIs,
- » reporting the KPIs,
- » and applying the KPIs.



162

Valid Participants

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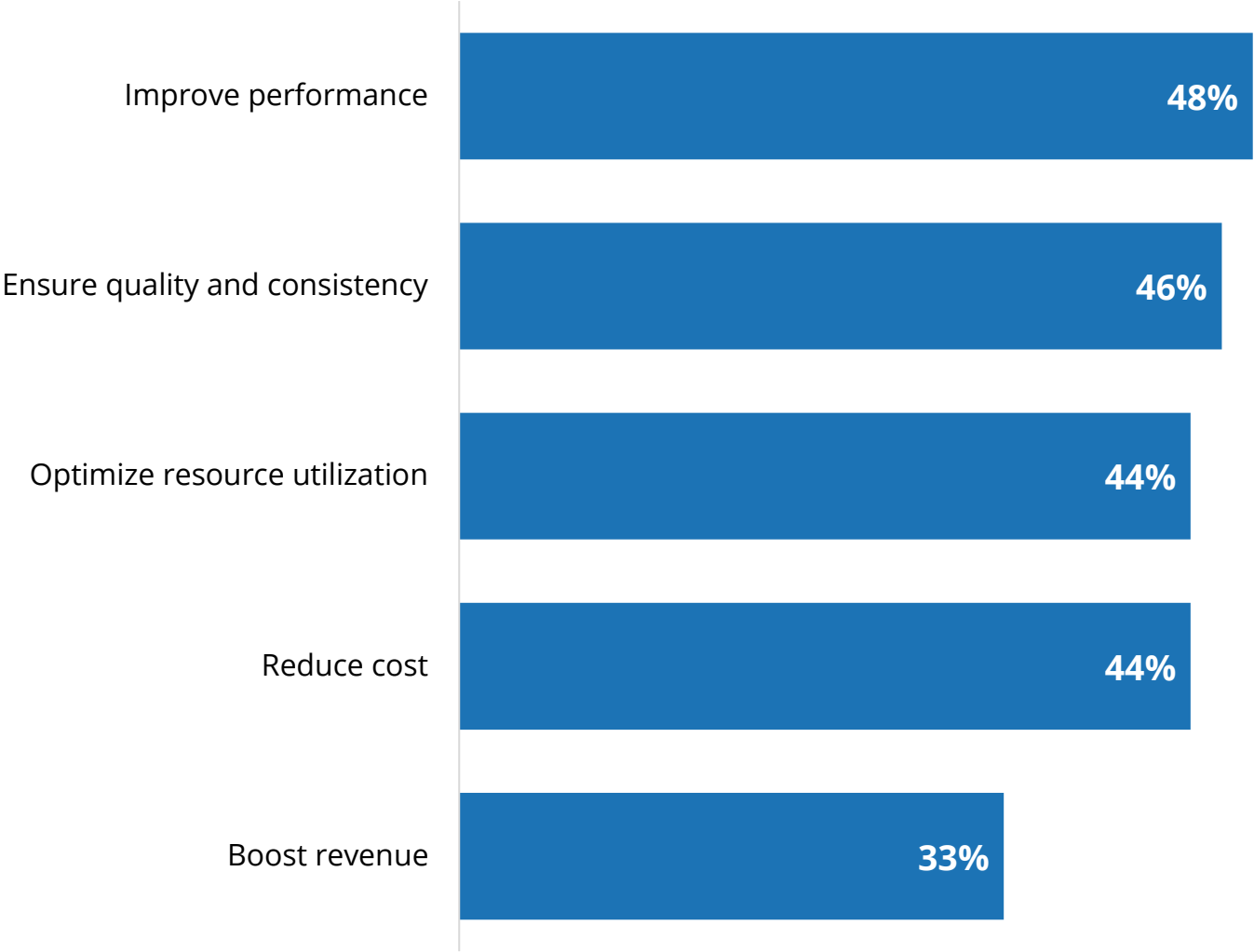
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2024 PRIORITIES & CHOOSING THE MEASURES

OPERATIONAL PRIORITIES

Top 5 Operational Priorities for Organizations

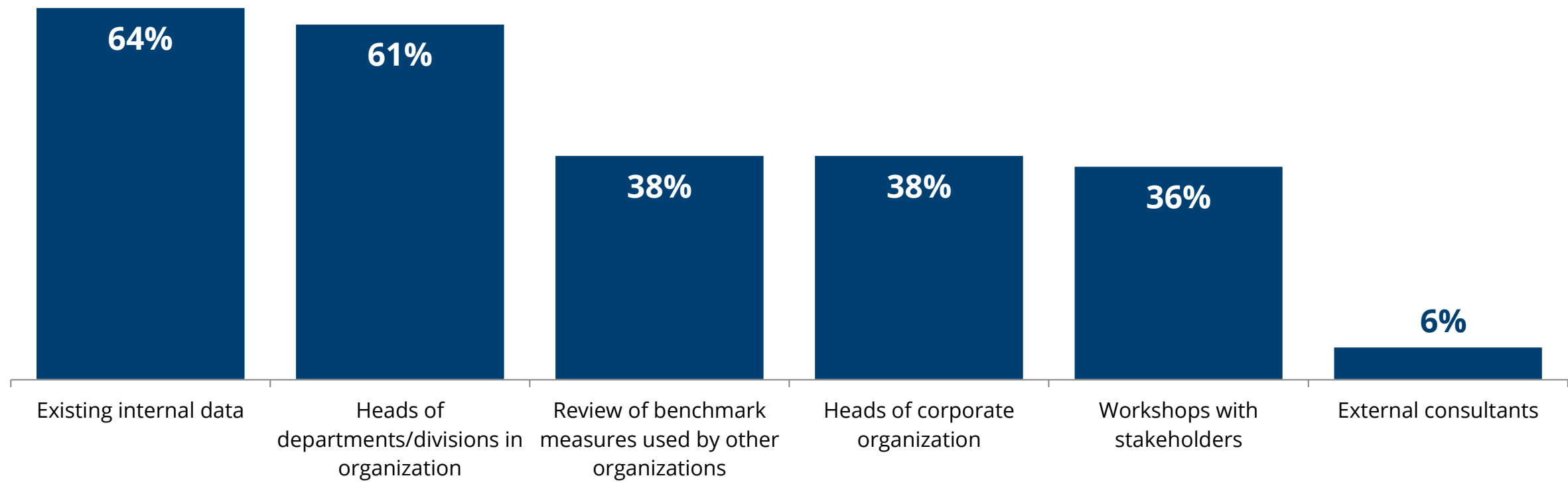


Performance improvement is the top priority for those involved in measuring KPIs within their organization. This is followed closely by ensuring quality and consistency, optimizing resource utilization, and reducing costs.

SOURCES FOR CHOOSING KPIS

When determining which measures to use, organizations most frequently consult existing internal data sources and heads of departments or divisions to help make the decision.

Sources Consulted by Organization When Determining Measures to Use

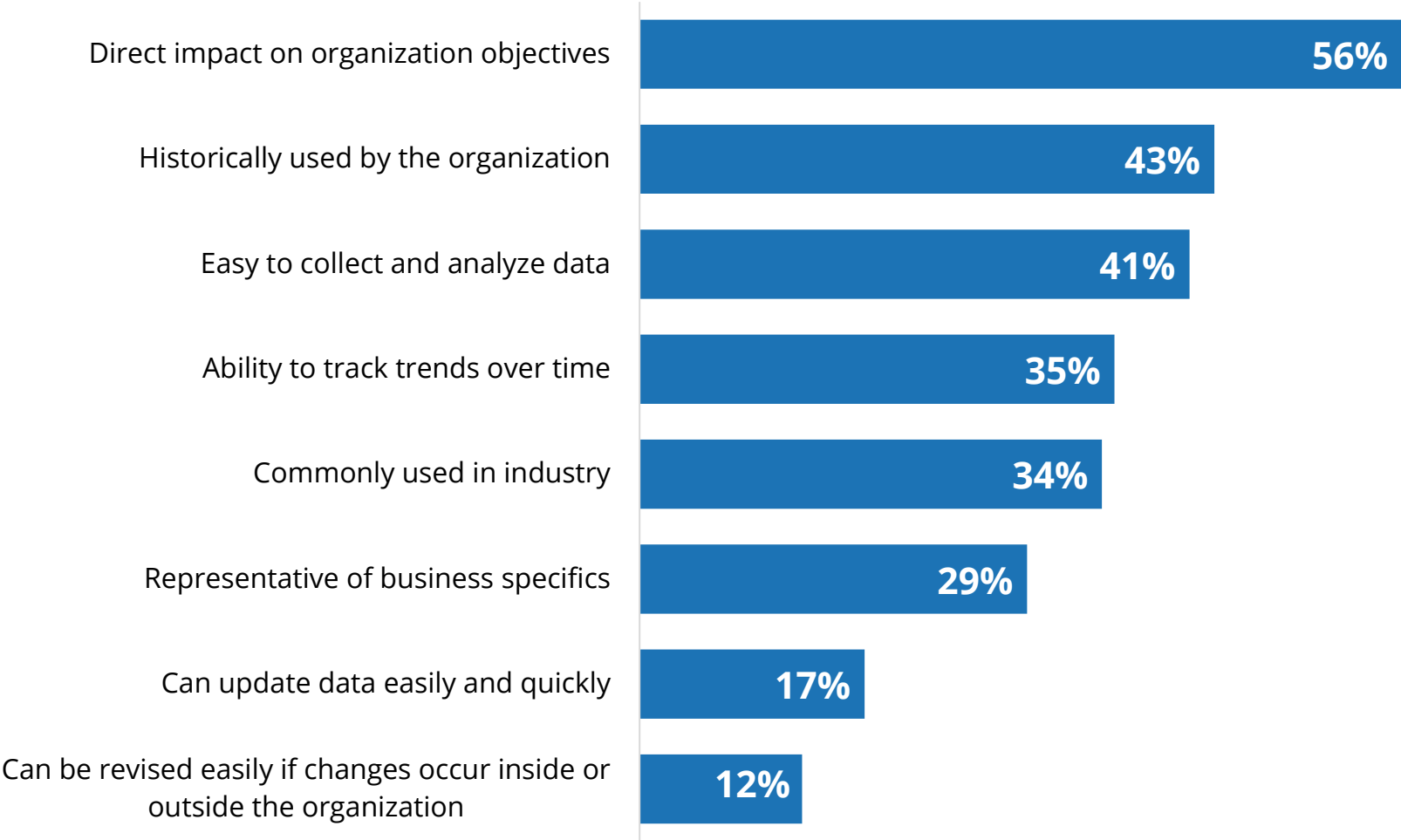


CRITERIA FOR SELECTING MEASURES

It is important for organizations to use certain criteria when selecting their measures, to ensure the measures will achieve their desired purpose.

The top criteria used is whether the KPI will have a direct impact on organization objectives. Historical use of the KPI and ease of collection and analysis are also top criteria.

Criteria Used to Select KPIs



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USING THE MEASURES

KPI CATEGORIES

This is a comprehensive list of the KPIs asked about in the survey, classified by the measure category.

Financial Measures

Financial results (e.g., EBIDTA, EBIT, and net results)

Margins (e.g., gross profit, operating profit, and net profit)

Return on equity (ROE), return on assets (ROA), or DuPont model

Return on capital employed (ROCE)

Net working capital

Current ratio/Quick ratio

Debt ratio (e.g., D/E and D/A)

Net receivables/ payables

Customer Satisfaction /Customer-Centric Measures

Customer loyalty

Customer satisfaction

Net promoter score (NPS)

Client/Customer claims

Innovation and Learning Measures

Number of ideas

Quality of ideas

Achievement of desired outcomes

KPI CATEGORIES CONTINUED

This is a comprehensive list of the KPIs asked about in the survey, classified by the measure category.

Personnel Measures	Full-time equivalents (FTEs)
	Absenteeism
	Staff morale

Operational Excellence Measures	Capacity utilization
	Staff efficiency
	Client feedback

Sustainability Measures	Carbon footprint
	Waste reduction rate
	Energy consumption

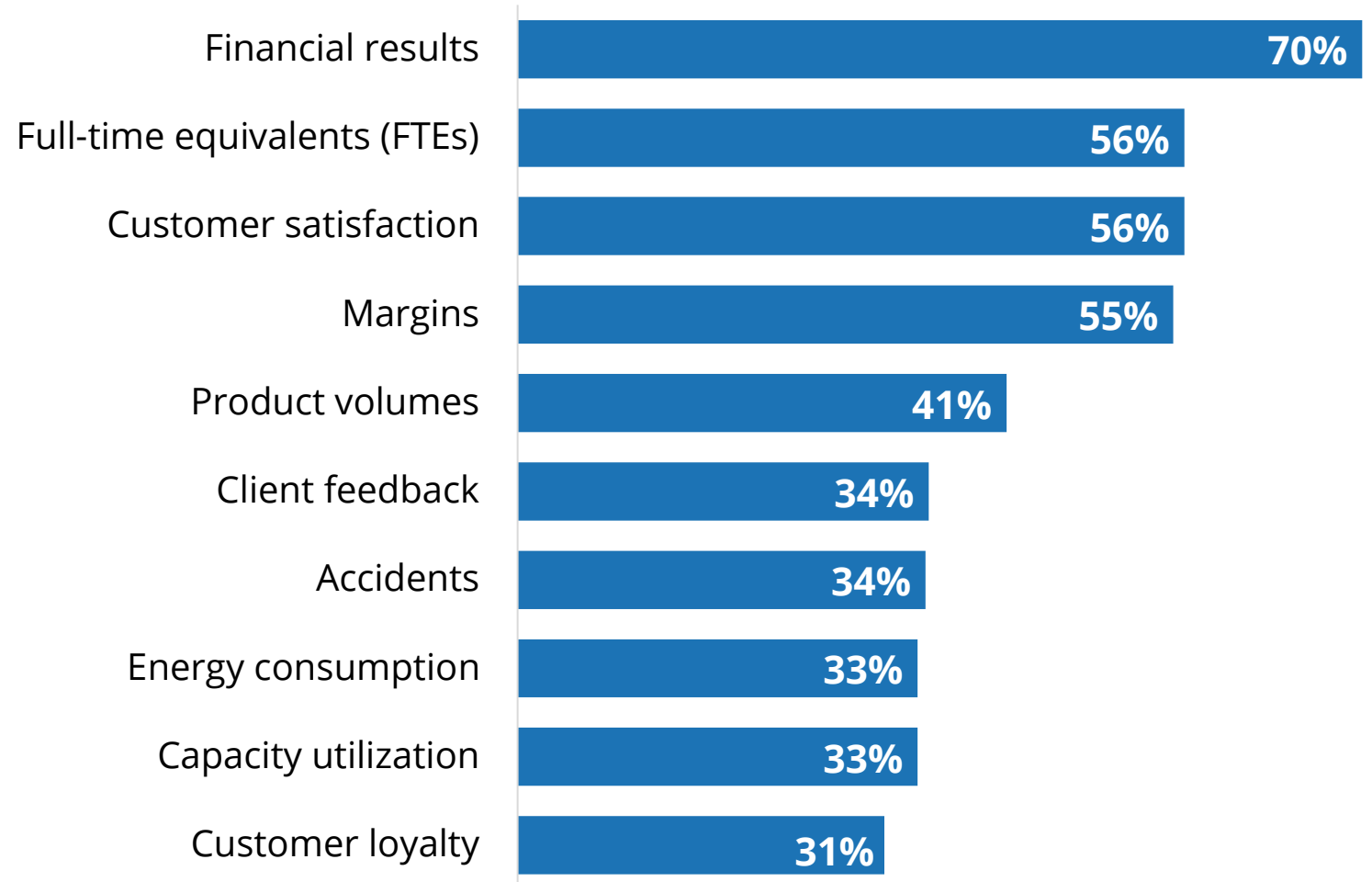
Manufacturing Operations Measures	Commodity/ Material prices
	Product volumes
	Production halts/stops
	Accidents

TOP 10 PRIMARY KPIS

Top 10 Measures Used as Primary KPIs

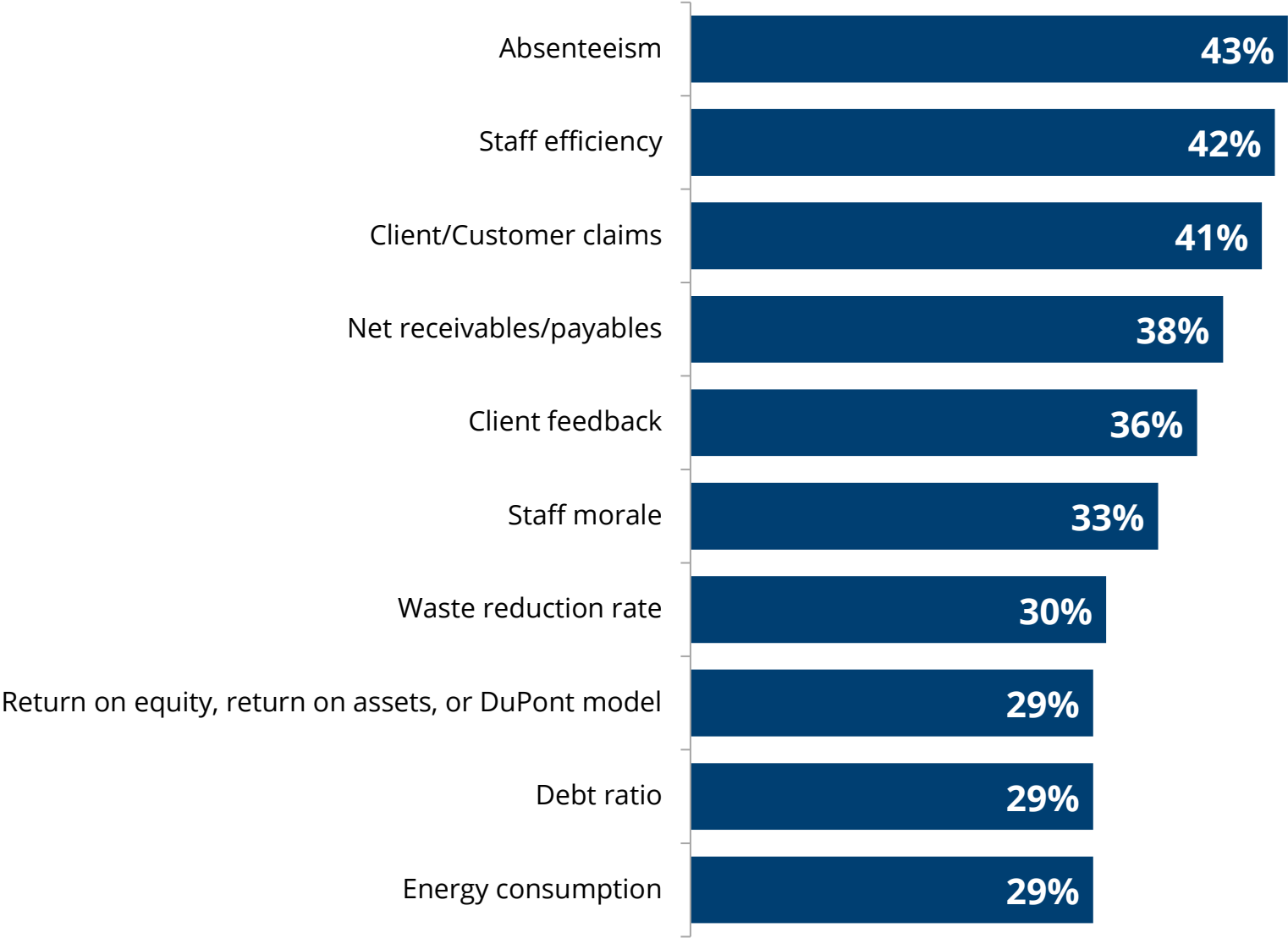
Financial results are by far the top measure used as a primary KPI in organizations. Other popular primary KPIs include full-time equivalents (FTEs), customer satisfaction, and margins (e.g., gross profit, operating profit, and net profit).

Almost every category of KPI is represented in the top ten, including financial, customer satisfaction/customer-centric, personnel, sustainability, operational excellence, and manufacturing operations measures.



TOP 10 SECONDARY KPIS

Top 10 Measures Used as Secondary KPIs



Absenteeism, staff efficiency, and client/customer claims are almost equally used as a secondary KPI in organizations.

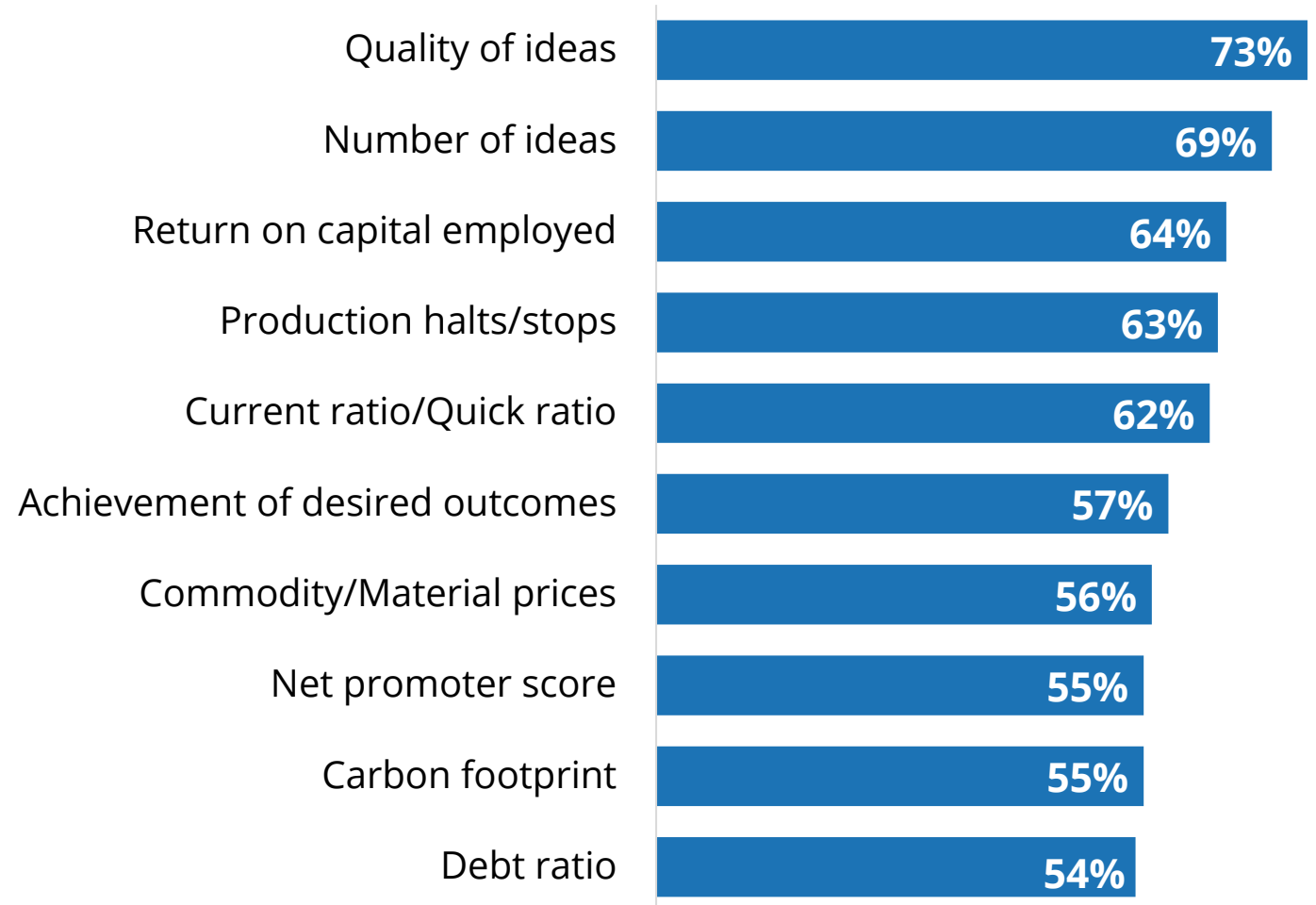
Almost every category of KPI is represented in the top ten, including financial, customer satisfaction/customer-centric, personnel, sustainability, and operational excellence measures.

N=108

The innovation and learning KPI category is the least used category by far, including quality of ideas, number of ideas, and achievement of desired outcomes.

TOP 10 UNUSED KPIS

Top 10 Measures Not Used as KPIs



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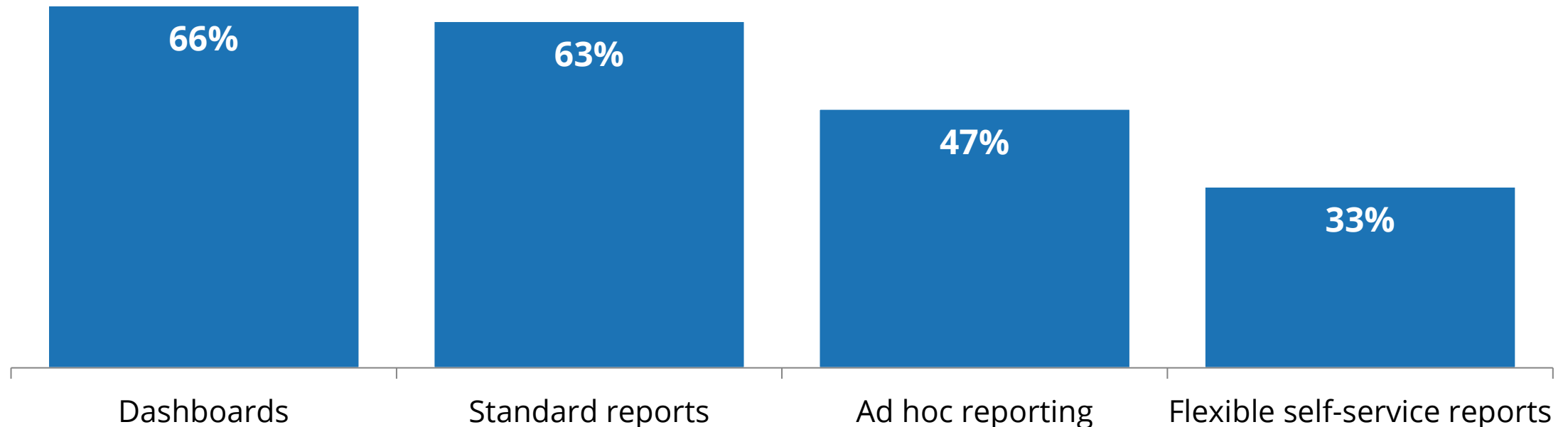
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REPORTING THE MEASURES

REPORTING METHODS

Reporting operations measures allows for transparency and progress monitoring in an organization. Dashboards and standardized reports (either online or in print) are the two most common reporting methods.

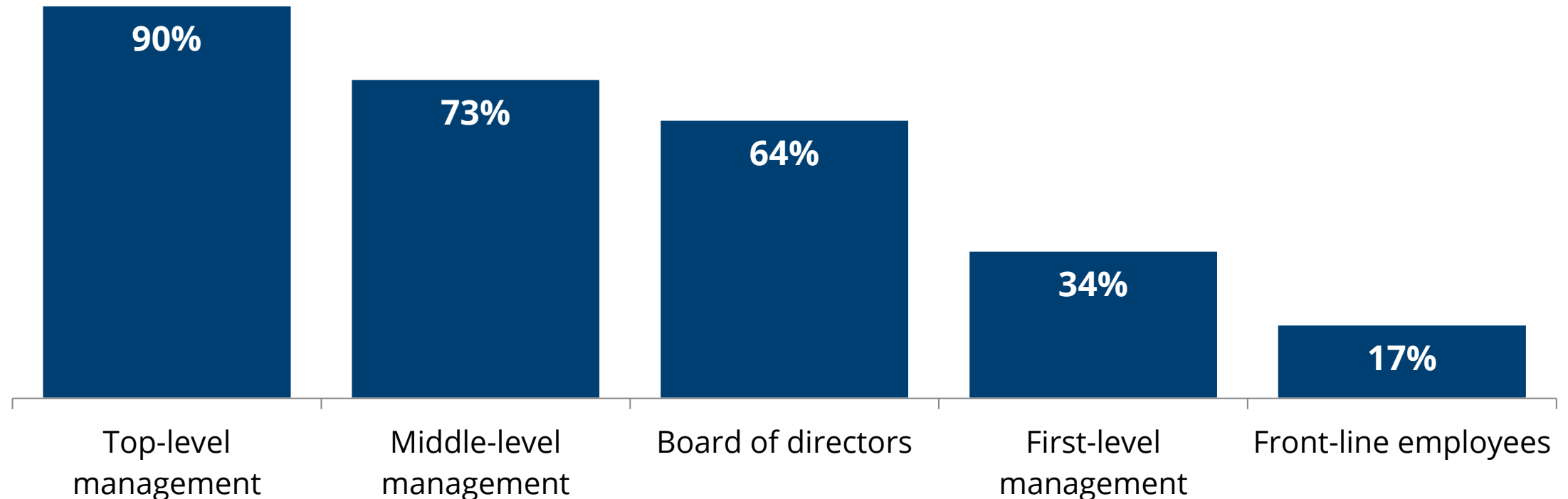
What are the reporting methods used for operations measures in your organization?



ACCESS TO REPORTS

Top-level management, including the C-suite, directors, and VPs, almost always have access to KPI reports. Middle management tend to have access about three-fourths of the time, with front-line employees only rarely having the ability to access KPI reports.

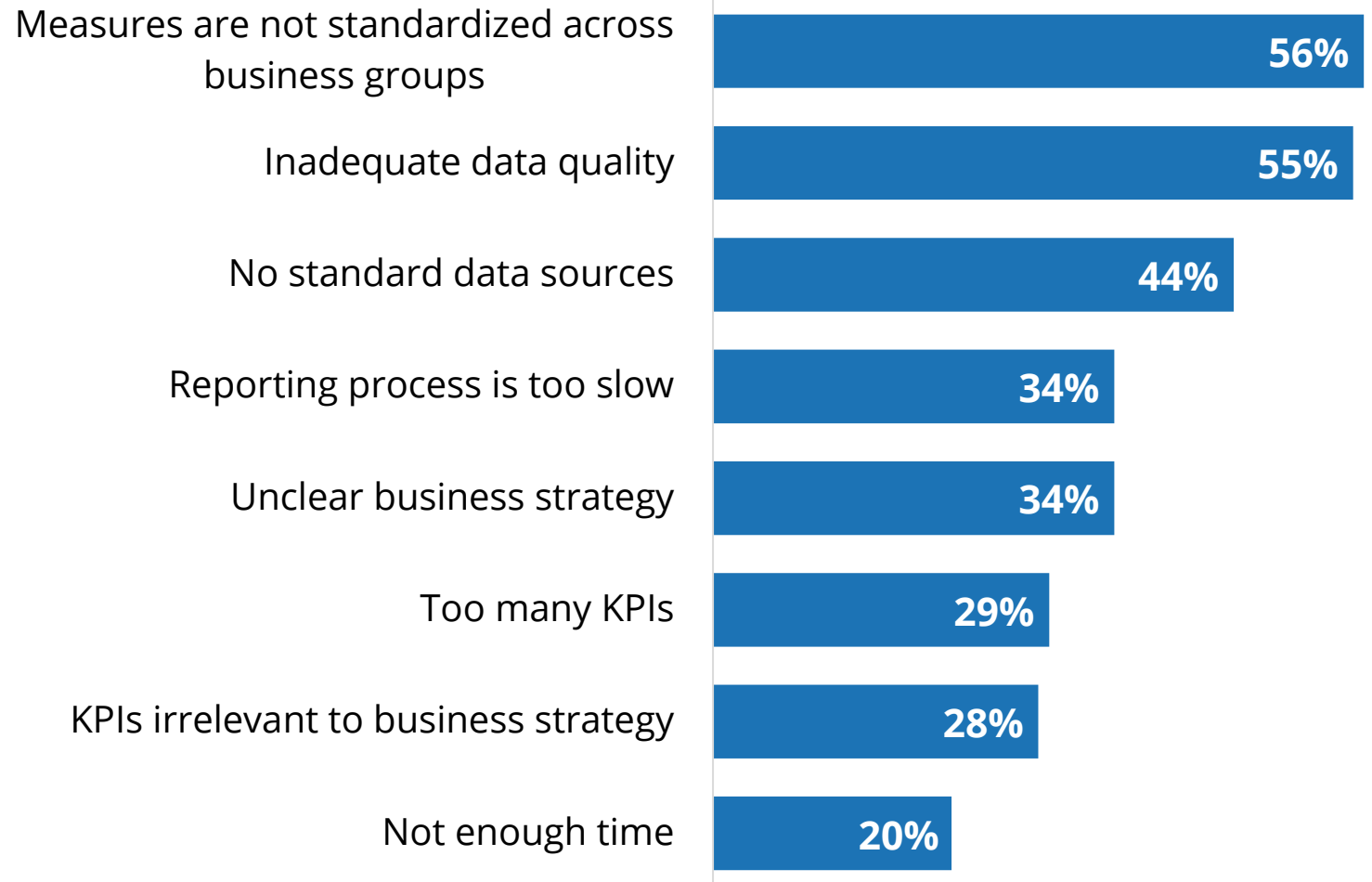
Who has access to the operation's measures reports?



KPI REPORTING CHALLENGES

Challenges Affecting KPI Reporting Process

When asked what challenges affect the KPI reporting process, respondents said that lack of measure standardization across business groups was the top challenge. Standardizing measures across the organization is crucial so that all areas of the business are operating under the same basic assumptions.



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APPLYING THE MEASURES

KPIS IN DECISION-MAKING

There is no single way to utilize KPI data in decision making, though they are most often used to track the overall performance of the company and to manage short-term objectives.

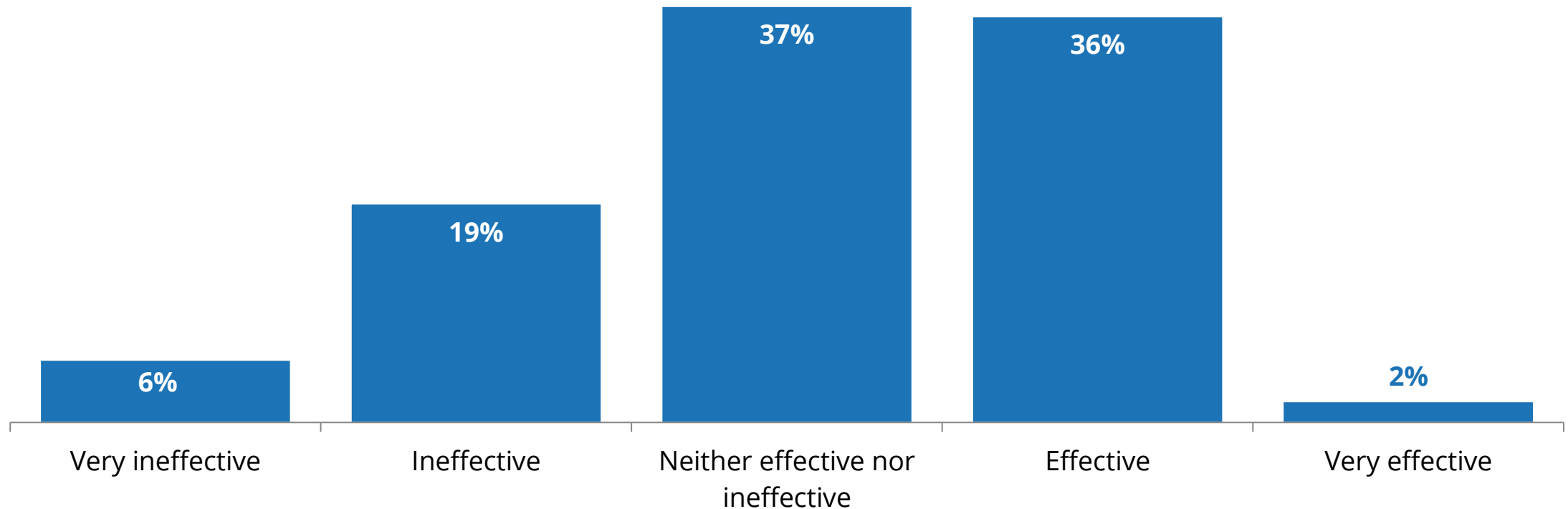
How does your organization use KPIs in decision-making?



CURRENT KPI EFFECTIVENESS

Just 38 percent of organizations believe that their current measures are effectively supporting their decision making, an almost even split with those that believe the measures are neither effective nor ineffective.

How effectively are your current measures supporting your decision-making?



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SURVEY DEMOGRAPHICS

DEMOGRAPHICS

Annual Revenue	
Less than \$100 million USD	38%
\$100 million to less than \$500 million USD	11%
\$500 million to less than \$1 billion USD	10%
\$1 billion to less than \$5 billion USD	12%
\$5 billion to less than \$10 billion USD	11%
\$10 billion to less than \$20 billion USD	9%
\$20 billion or greater	11%

Top 5 Participating Functions	
Process Management	43%
Transformation	9%
Project Management	9%
Human Capital Management	7%
Corporate Strategy	7%

Number of FTE's	
Fewer than 100	16%
100-999	22%
1,000-9,999	31%
10,000-49,999	19%
50,000-99,999	5%
100,000 or more	7%

Top 5 Participating Industries	
Services	15%
Software/Tech	9%
Government/Military	8%
Petroleum/Chemical	7%
Education	6%

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