**Types of metrics**

In the text book a metric is “a measurement of business activity” (Eckerson, 2011). It is also important not only to measure business activities but if a company is doing well when they execute a business strategy.

On the other hand, performance indicators are metrics that measure business activities against goals. We can find two types of performance indicators:

1. Outcome metrics, and
2. Driver metrics.

The first type measures the outcome of business activities of a strategy plans to reach. They usually measures financial metrics.

The second type measures “business activity that influences the results of the outcome KPIs.” (Eckerson, 2011).

Actionable is a driver metric that helps users with the enough time for adjustments looking to obtain the sought outcomes.

Driver metrics are also used to predict future outcomes on a basis of levels of activities for users to forecast targets achievements.

References

Eckerson, W. W. (2011). Performance Dashboards: Measuring, Monitoring, and Managing Your Business (2nd ed.). Hoboken, NJ: John Wiley & Sons, Inc.

**Characteristics of Effective Performance Metrics**

The 12 characteristics of effective performance metrics are:

* Strategic – Goals, objectives, and outcomes go first when creating performance metrics.
* Simple – The simplest the performance metric the better for the staff to know what they are measuring, the way it is calculated, targets, and how they align with company’s expectations.
* Owned – Metrics need to have an owner who takes responsibility for the results.
* Actionable – This type of metrics are action oriented. Employees will act against the results of these metrics to make corrections in order to have a better performance.
* Timely – Data have to be obtained in time to allow users to make changes to improve performance.
* Referenceable – Staff use performance metrics based on how much they trust where the data are coming from.
* Accurate – Performance metrics use clean data, free of errors.
* Correlated – These metrics need to be lead to the expected results.
* Game-proof – They need to be tested.
* Aligned – Performance metrics must be aligned with company’s goals.
* Standardized – They need to follow certain standards.
* Relevant – They have a natural life cycle.

References

Eckerson, W. W. (2011). Performance Dashboards: Measuring, Monitoring, and Managing Your Business (2nd ed.). Hoboken, NJ: John Wiley & Sons, Inc.