

# How to create effective KPI dashboards





**Key Performance Indicators (KPIs) play an important role at almost every organization.** Successful companies want to be able to meet their organizational objectives successfully – and that can be easier said than done.

Not only do you have to select the KPIs that are appropriate for your sector (i.e., healthcare KPIs are not going to work in the financial sector), you also have to figure out how to report on them appropriately and accurately. This can be a tough step, but it is unquestionably an important one.

**In this eBook, we will see how to create great KPI dashboards, describing every step you need to take to implement them at your own organization. But before we get that far, you must first understand what a KPI report is and why KPIs are critical to your company's success.**

## Why are KPIs important?

In order to understand why KPIs are important (therefore allowing you to create a successful report) you need to have a clear idea of what a KPI is.

Every organization has objectives, or high-level company goals. Key performance indicators (KPIs)—also called “strategic measures”—are both actions and tools of measurement used to monitor the progress toward achieving these objectives.

In its simplest form, a KPI is a measurement device that helps you understand how your organization is doing in regard to its goals. Effective KPIs are actionable, crucial, and easily communicated throughout the organization.

So why are KPIs important? Because they act as a link between your organization and the goals you’re looking to achieve.

## Why are KPI dashboards important?

The greatest value of a modern business dashboard lies in its ability to provide information about a company’s performance. As a result, business leaders, as well as project teams, are able to make informed and goal-oriented decisions, acting on actual data instead of a gut feeling.

To be useful, KPIs need to be monitored and reported on. If they change in real-time, they should be monitored in real-time. Dashboards are the perfect tool for your KPI reports, since they can be used to visually depict the performance of an enterprise, a specific department, or a key business operation.

Furthermore, a timely and well-framed KPI dashboard helps to instantly notice problem areas and tackle these problems. Managers that use KPI dashboards daily to get a quick overview know where to focus their energy and understand when poorly performing processes need to be improved.

# Selecting relevant KPIs

Measuring and monitoring business performance is critical, but focusing on the wrong key performance indicators can be detrimental. Poorly structured KPIs, or KPIs that are too difficult or too costly to obtain or monitor on a regular basis are some examples.

So what makes business performance indicators “key” and how should a business owner, executive or manager select them? There are six factors that separate effective and value creating KPIs from detrimental and value diminishing KPIs. The right KPIs for your business should follow these premises:

**Aligned** - Make sure the KPIs you are choosing align with the strategic goals and objectives of your organization.

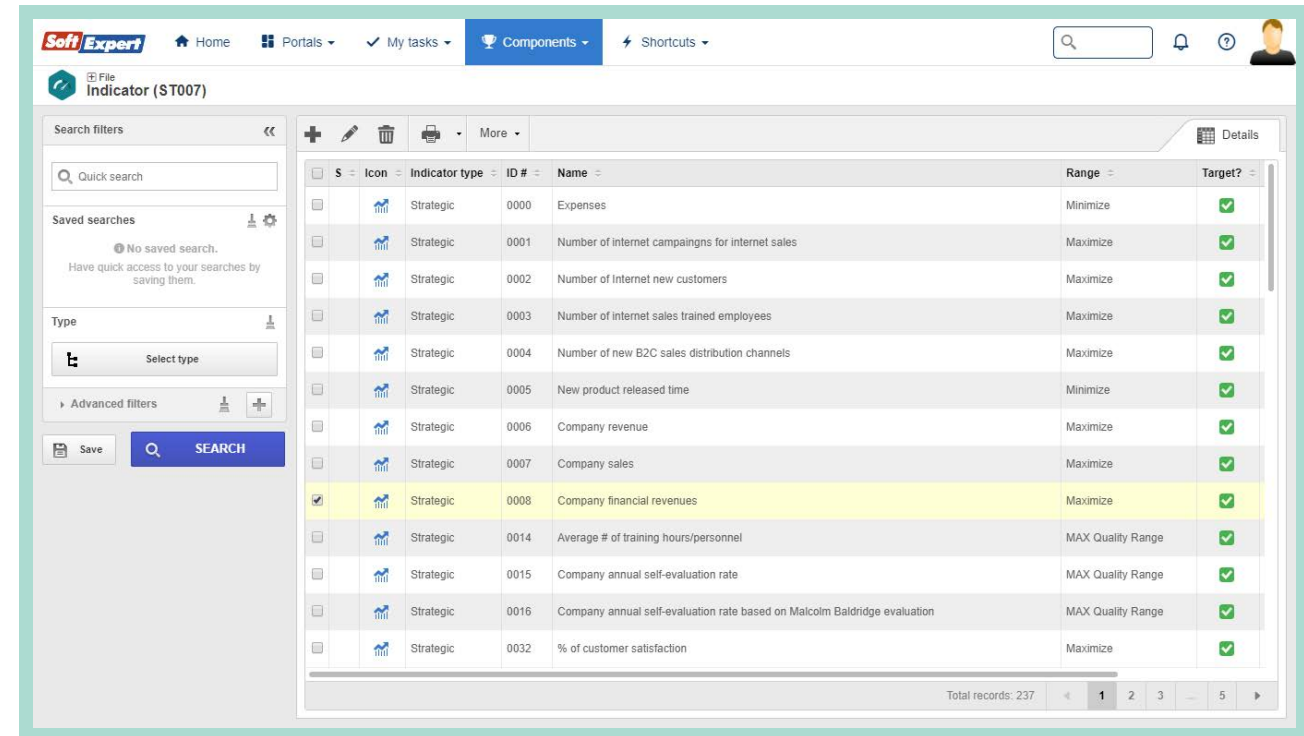
**Attainable** - The KPIs you choose to measure should have data that can be easily obtained.

**Acute** - KPIs should keep everyone on the same page and moving in the same direction.

**Accurate** - The data flowing into the KPI should be reliable and accurate.

**Actionable** - The KPI must give you actionable insight into the business.

**Alive** - Your business is always growing and changing. Your KPIs should evolve as well.



The screenshot displays the 'File Indicator (ST007)' interface in the SoftExpert system. It features a search filter sidebar on the left and a main table of indicators. The table columns are: S (checkbox), Icon, Indicator type, ID #, Name, Range, and Target? (checkbox). The table lists 13 indicators, with the 8th row, 'Company financial revenues', highlighted in yellow. The bottom of the table shows 'Total records: 237' and a pagination bar with page 1 selected.

S	Icon	Indicator type	ID #	Name	Range	Target?
<input type="checkbox"/>		Strategic	0000	Expenses	Minimize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0001	Number of internet campaigns for internet sales	Maximize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0002	Number of internet new customers	Maximize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0003	Number of internet sales trained employees	Maximize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0004	Number of new B2C sales distribution channels	Maximize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0005	New product released time	Minimize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0006	Company revenue	Maximize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0007	Company sales	Maximize	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>		Strategic	0008	Company financial revenues	Maximize	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0014	Average # of training hours/personnel	MAX Quality Range	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0015	Company annual self-evaluation rate	MAX Quality Range	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0016	Company annual self-evaluation rate based on Malcolm Baldrige evaluation	MAX Quality Range	<input checked="" type="checkbox"/>
<input type="checkbox"/>		Strategic	0032	% of customer satisfaction	Maximize	<input checked="" type="checkbox"/>

# Describing KPIs in detail

The screenshot shows a software window titled "Indicator data" with a standard Windows-style title bar. Inside, there's a form with several sections. At the top, there are fields for "ID #" (containing "BB345") and "Name" (containing "% of turnover"). Below these are two tabs: "General" (selected) and "Details". The "General" tab contains several dropdown menus and checkboxes. "Indicator type" is set to "001 - Strategic". "Classification" is set to "Quantitative". "Range" is set to "Min - Minimize". "Does indicator have target?" is set to "Yes". "Measurement unit" is set to "% - Percentage". "Frequency" is set to "Monthly". "Accumulation" is set to "Average". "Accumulation start" is set to "1". "Frequency" (under accumulation) is set to "Yearly". "2nd Accumulation" is set to "None". At the bottom, there are fields for "Created on" (1/04/2018), "Last updated", and "Updated by" (James J. Tooby). The "Frequency" dropdown menu is open, showing options: Daily, Weekly, Bi-weekly, Monthly (highlighted), Bimonthly, Quarterly, Four-month-period, Biannual, Yearly, and Based on event.

Once you've selected your key performance indicators, it is important to clearly define your datasheet. A complete definition of the indicator prevents information from being misunderstood down the road.

**Objective:** An objective, as previously stated, is a high-level company goal. The reason you're tracking a KPI in the first place is to ensure that this particular goal is met. The objective should be stated in your KPI datasheet for you to keep in mind why it is that you're tracking a particular KPI or what you're trying to improve in regard to your strategy.

**Measure:** You can think of a "measure" and a "KPI" as one and the same. The name of the measure should be clear enough so that anyone can easily understand its purpose. Remember, this measure needs to be actionable, crucial, and easily communicated across the organization.

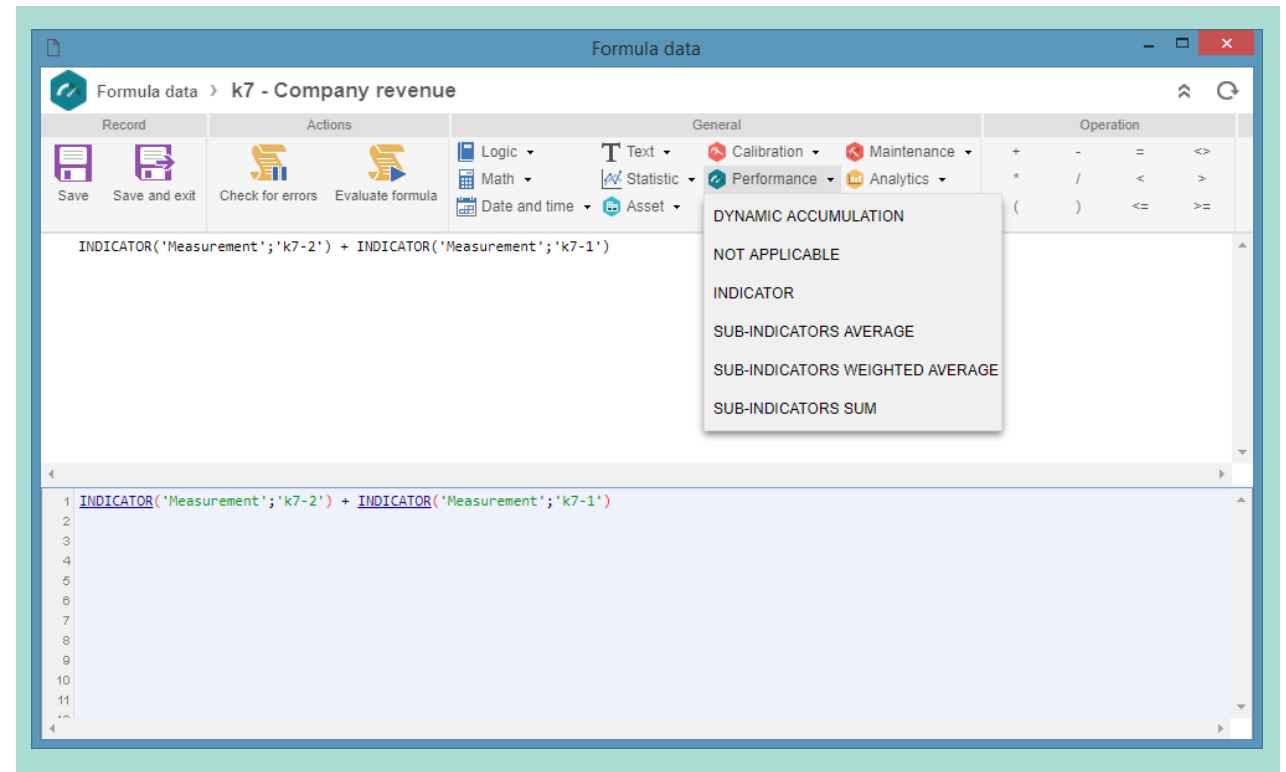
**Definition:** This section should explain the why factor. When a KPI that lines up with a particular objective has been decided upon, the team assigned and the KPI owner should be able to describe (in detail) why they made the choice they did.

# Describing KPIs in detail

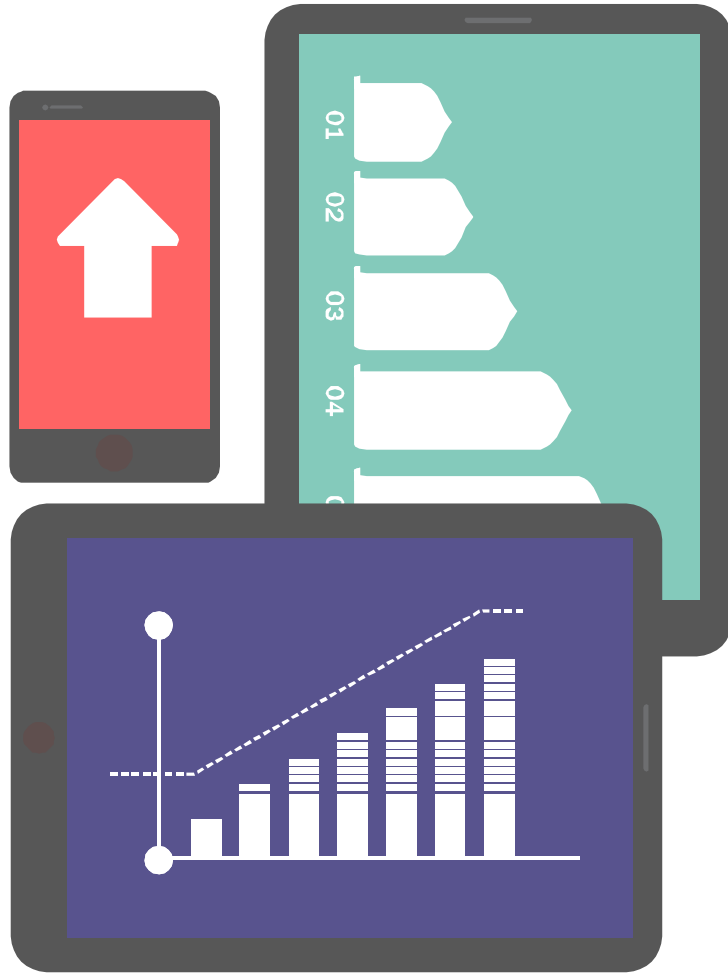
**Frequency:** How often (that is, at what frequency) should the KPI be measured? KPIs can be measured monthly, quarterly, bi-annually or annually, depending on type and importance.

**Source/Formula:** This section provides insight on where you can find the data source that is used to monitor and measure this KPI. If there is a formula that is applied to the information set for this indicator, it would appear in this section as well.

**Owner:** To be successful, every KPI needs an “owner” who is tasked with tracking it. The owner can also leave comments in this section about any additional qualitative information they require.



# What is my dashboard type?



Before putting the KPIs into your dashboard, it is important to know that dashboards have different levels and purposes.

There are three main types of dashboards:

**Strategic.** Managers and executives at all levels of the organization can see the information they need to understand the health of the organization and identify potential opportunities for expansion and improvement. Strategic dashboards don't provide all the detailed information needed to make complex decisions, but should clearly identify opportunities for further analysis. A strategic dashboard should be simple and contain gathered metrics.

**Operational.** Monitor operations in real time to alert users to deviations from the standard. Operational dashboards should provide users with specific alerts and provide them with precisely the information they need to quickly get operations back to normal.

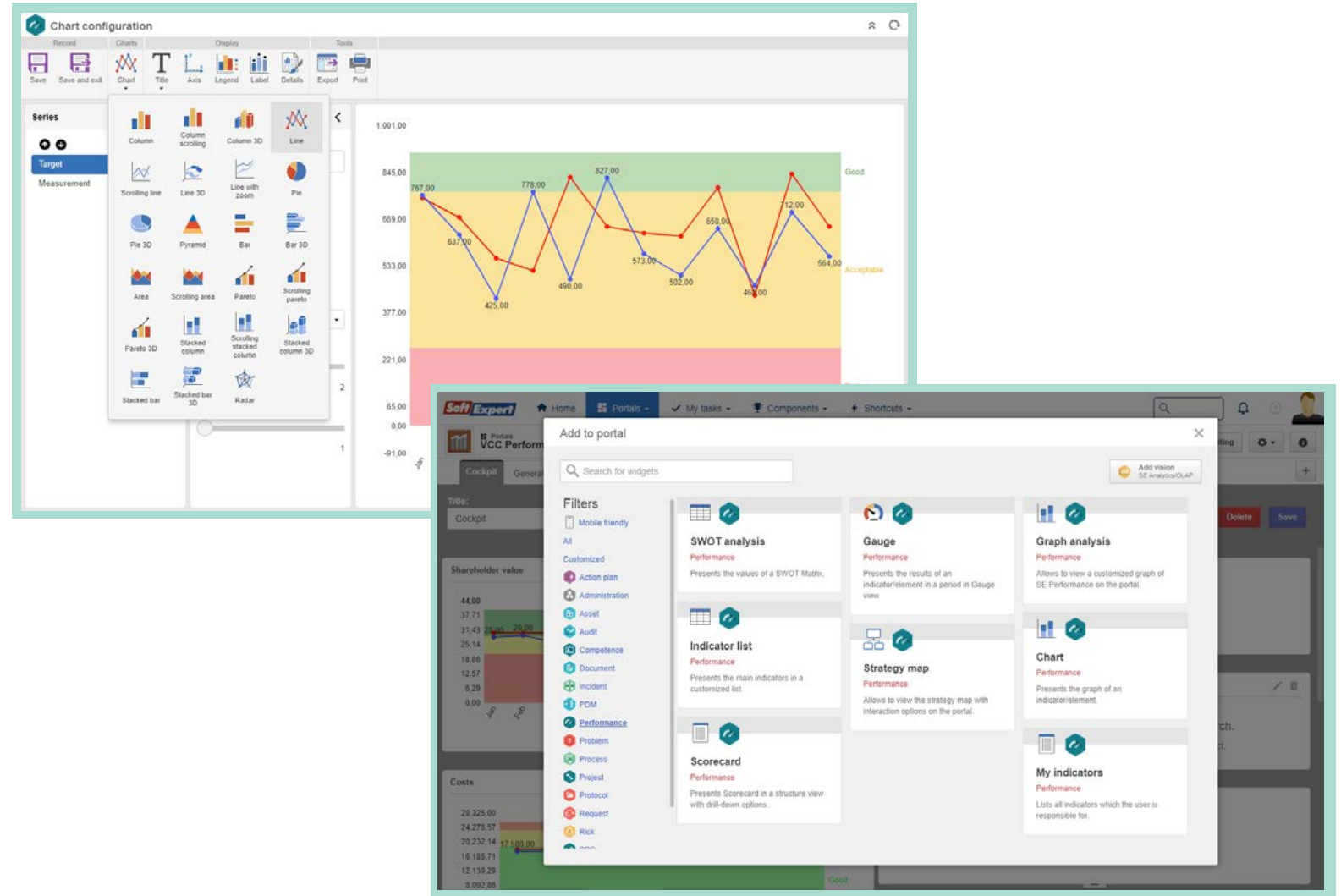
**Analytical.** Data is used to understand trends by making comparisons across time and multiple variables. Analytical dashboards often contain more information and are more complex than strategic or operational dashboards, since understanding is the goal.

While these are the major dashboard categories, there will likely be instances when a hybrid of two types may be needed. No matter what type of KPI dashboards you use, managers and staff should be able to find answers to questions in real time and take action with all data consolidated in one place.

# Choosing the perfect chart type

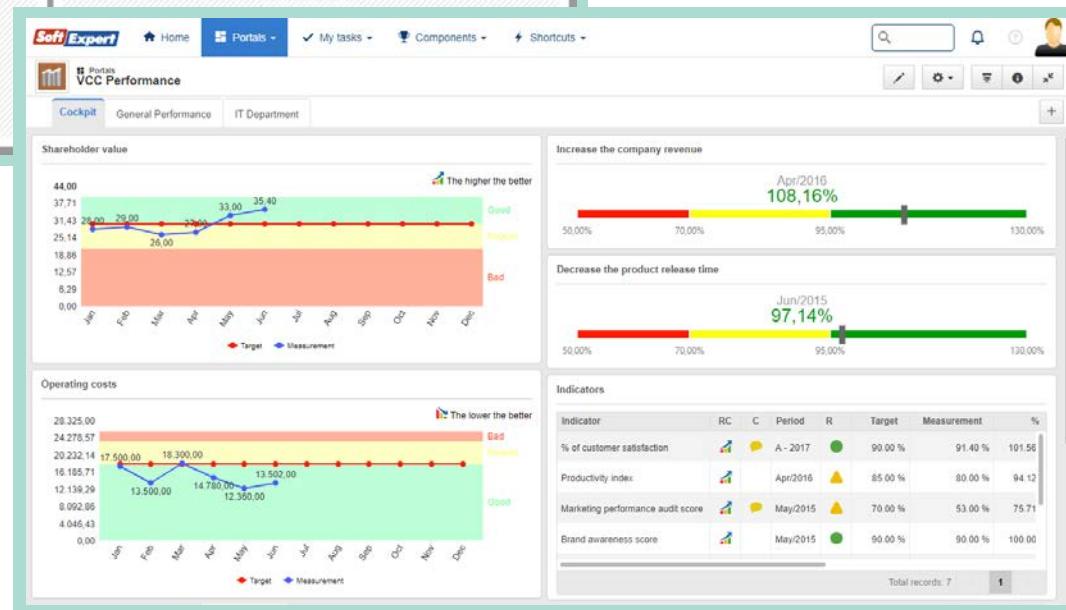
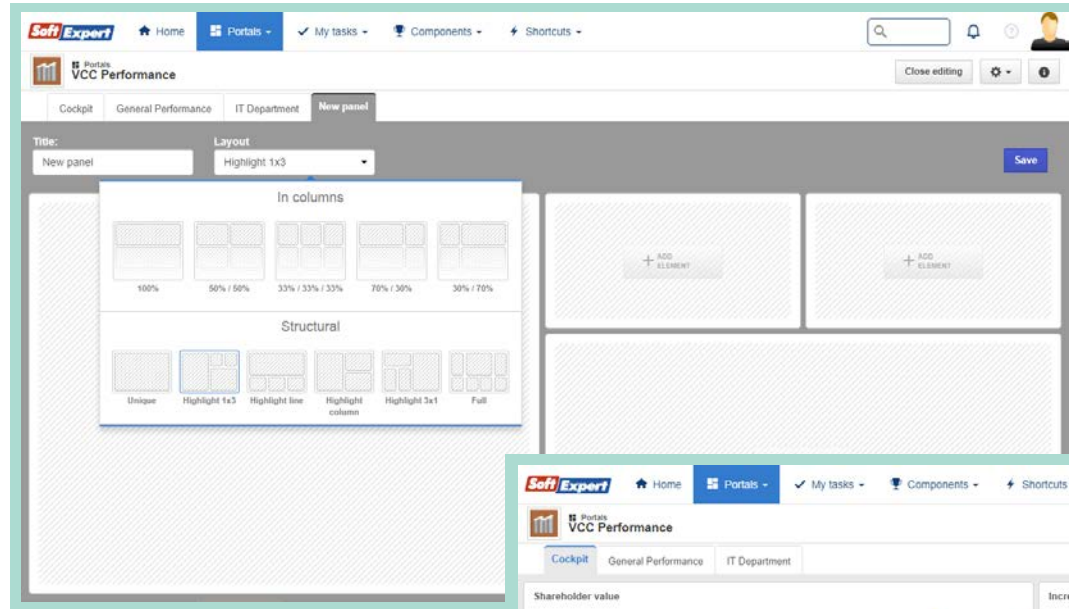
With every KPI, you have to determine how you're going to share the information that you collect. For example, is it more important to see target, actual or your year-to-date performance, or a benchmark? There are multiple chart types that look great on a KPI dashboard, each perfect for a different type of metric: pie charts, tables, bar charts, line charts.

Decide what is most valuable and create a meaningful chart with that information. Make sure you're consistent and use the same chart each month, quarter, or year, so the team can track performance over time.





# Designing attractive dashboards

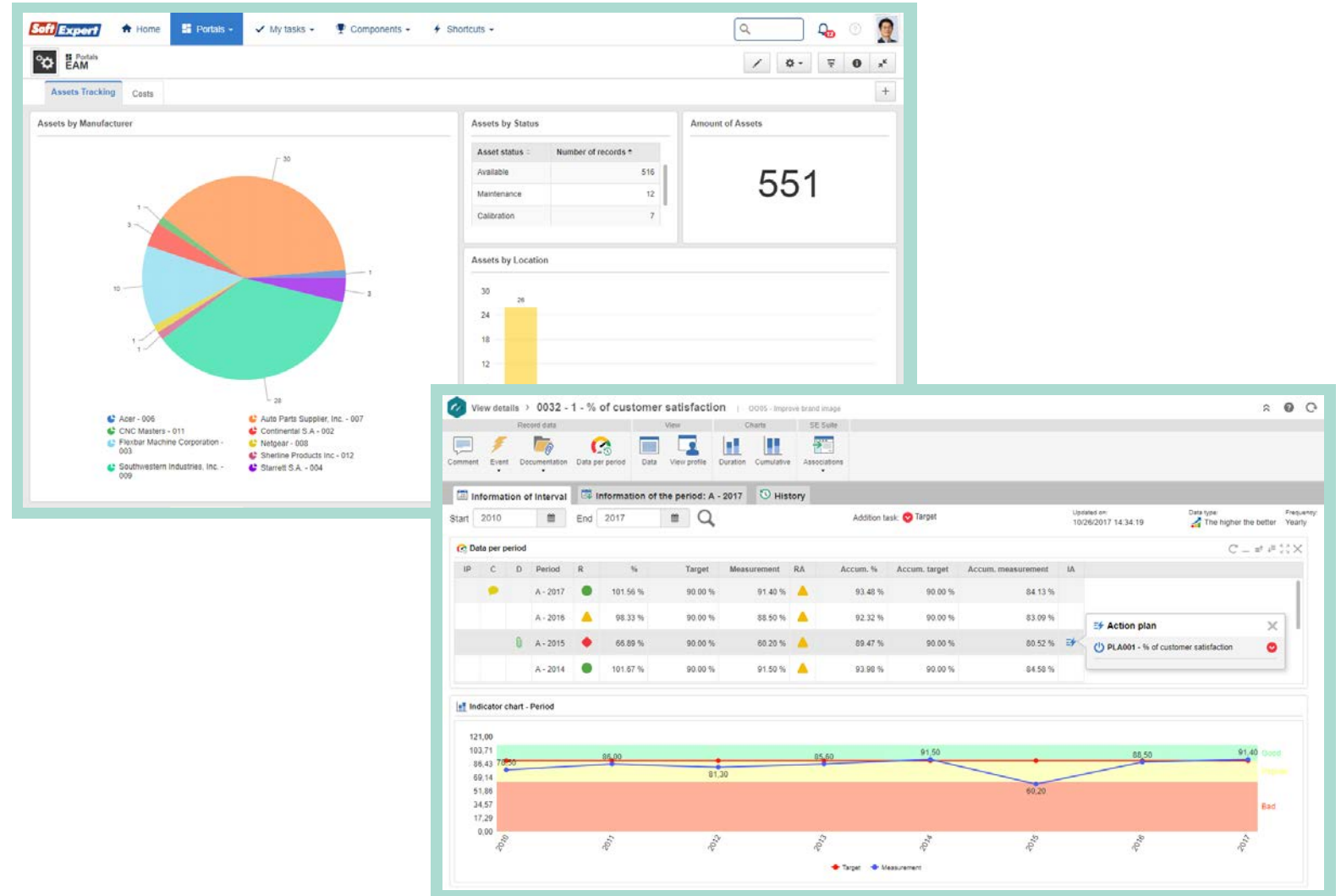


With a drag-and-drop layout and configurable widgets, anyone can create a dashboard using a good dashboard tool. Place closely related metrics next to each other, creating a linear flow that is easy to follow. Use colors to bring your performance dashboard to life and add benchmarks to make the data easy to evaluate.

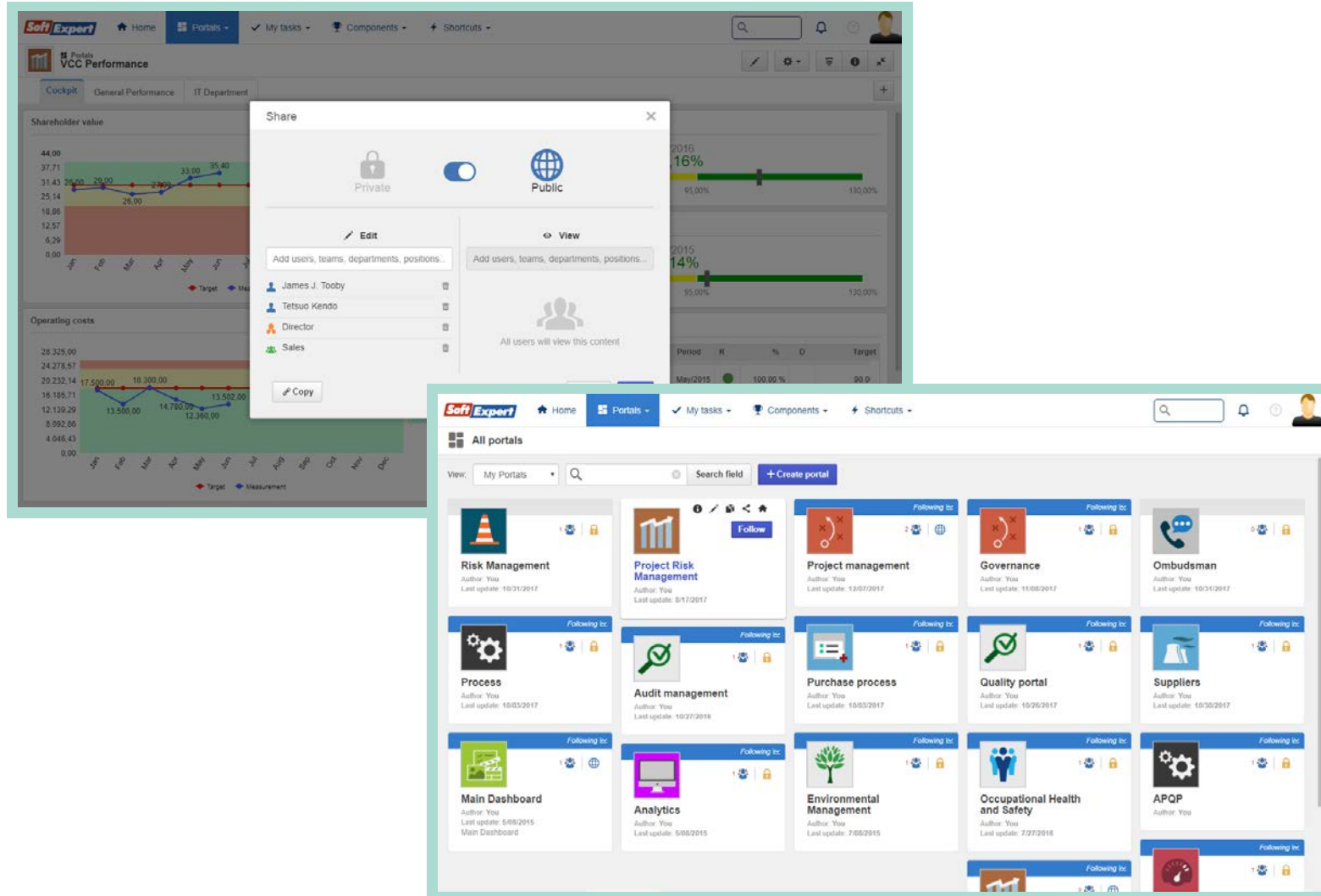
# Promoting interaction

A dashboard needs to promote the interaction between the information and its reader. Dependent relationships between widgets are a way to not only provide the reader with static information, but also with flexible analysis.

We have seen that one of the criteria for choosing KPIs is that they should be actionable, revealing information that allows action to be taken and for decision-making in relation to the KPI. A mature dashboard allows these actions to be easily initiated, optimizing productivity and enabling faster responses when issues or opportunities are identified.



# Keep it safe, but don't stop sharing



Different users have access to different information, depending on their role in the company, their responsibilities, etc. **That means permission settings are important to ensure information security.** Rather than emailing a static Excel file, you should be able to share your dashboard with anyone who needs access to the same information.

# Reviewing, adjusting and repeating

**As business environments change over time, organizations need to adapt and adjust accordingly - and KPI dashboards are no different. It's a continuous cycle of reviewing, adjusting and repeating.**

Communication is key and regular feedback from all areas of the business, including KPI owners and users who interact with the dashboard, is vital. Regular review points are a great way to keep your dashboards from falling behind.

A flexible and streamlined dashboard that is working optimally provides advantages such as:

- **More efficient processes.**
- **Even quicker management and strategic decisions can be made.**
- **Underlying issues are highlighted before they become major problems.**
- **Avoid dashboard bloat (a common affliction where it becomes a monitoring mechanism for just about anything)**



# Quick summary

**We can summarize all this in just 5 steps. Follow these 5 simple steps to get your dashboard up and running as quickly as possible:**

- ✓ Choose the KPIs and metrics to track.
- ✓ Select your data sources.
- ✓ Understand the intended audience.
- ✓ Build your dashboard with simple and meaningful graphs.
- ✓ Share the dashboard.



Now that you **already know How to create effective KPI dashboards**, learn more about SoftExpert CPM (Corporate Performance Management), the most complete and innovative solution on the market for process automation and improvement, regulatory compliance and excellence in performance management.

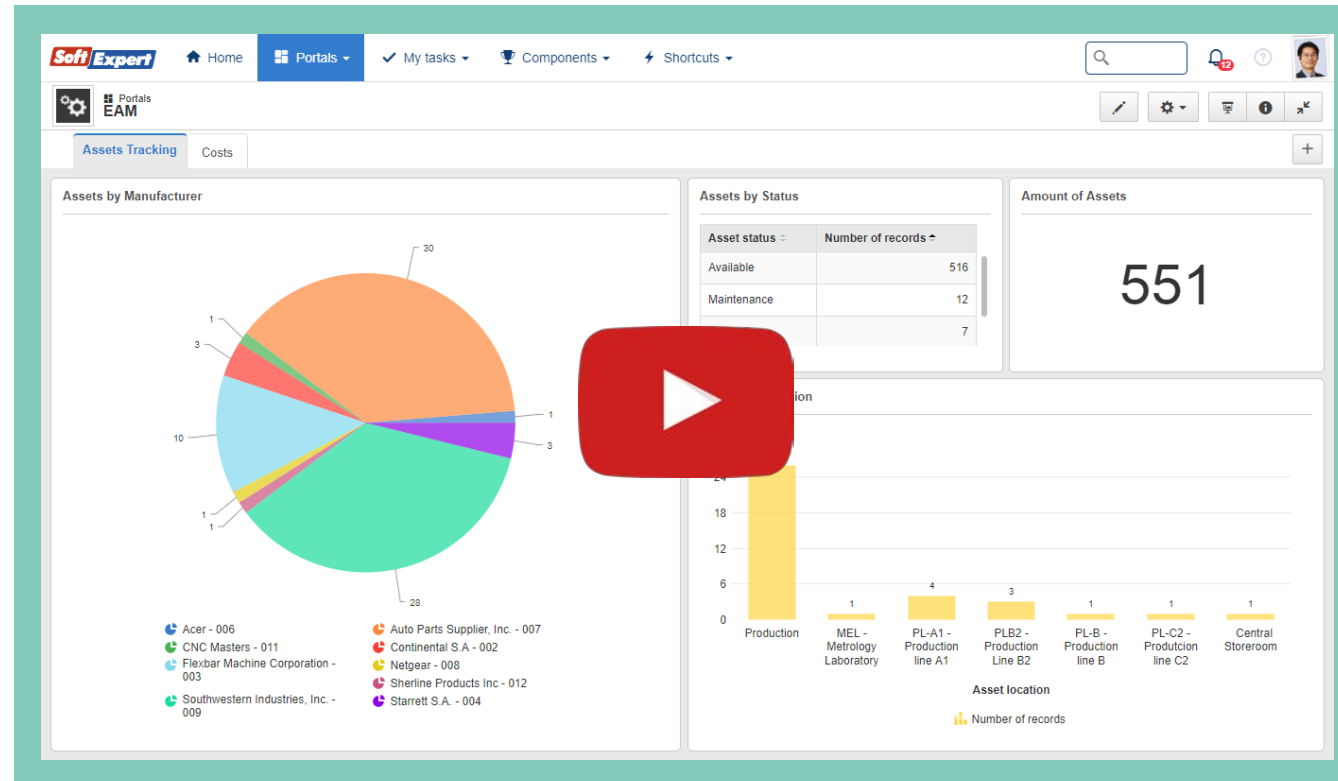
A background image showing a group of business professionals in a meeting. In the foreground, a person's hand is visible, pointing at a laptop screen. The image is partially obscured by a dark blue semi-transparent overlay containing text.

Business dashboards can be created using **SoftExpert CPM**, which automatically collects and updates data in real time. Excel graphs are not an option as a solution if you want a high-performing and actionable KPI dashboard.

**SoftExpert CPM** is an integrated performance management software that empowers organizations with a full set of capabilities to translate strategy into operational objectives, driving both behavior and performance, defining and collecting metrics to measure and control business performance and measure progress. Managers can track and analyze performance in real time through a user-friendly dashboard, improving management comprehension which leads to better, faster and more relevant decisions towards action.

**Automating your performance management system is a key ingredient to boosting performance and productivity rates at your business and avoiding mistakes and re-work.**

SoftExpert CPM provides all of the support needed to achieve the results you are looking for.





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