CERTIFIED BALANCED SCORECARD MANAGEMENT SYSTEM PROFESSIONAL

Fact sheet

KPI selection criteria

Examples of KPI selection criteria encountered in practice:

- Acceptability
- Accessible
- Actionable
- Controllable
- Cost-effective
- Feasibility
- Incentivized
- Reliability
- Sensitivity
- Specificity
- Standardized
- Tested
- Timely
- Validity
- Verifiable

General comments: In practice, there is a variety of criteria that can be used when it comes to selecting the right KPIs. Each one of these points of reference can make more or less valuable for the entity, depending on the context in which the KPI selection takes place. However, the longer the list of criteria is, the harder it will be to find KPI examples that meet all standards.

The KPI Institute's perspective: Entities should consider at least the following three criteria when selecting KPIs.

Balanced:

- KPIs should measure different aspects, to provide a comprehensive picture of performance;
- Each objective should be addressed through at least two KPIs.

Clearly defined:

- KPIs should be described by using clear and intelligible terms;
- Avoid the use of management jargon or abstract concepts.

Relevant:

- Aligned with the organization's strategic objectives;
- Significant for the specific domain of services;
- Not a laundry list of tens of popular KPIs.