KPI Masterclass

Fact sheet

KPIs in practice

Financial perspective:

% Net profit rate – A profitable business is a sustainable business. It is however important to have realistic expectations. Returns of over 30% may be speculative, while in some economies returns of under 5% are lower than interest rates.

$ Revenue – Growing revenue is an expression of having the right product/service mix, supported by the right team delivered at the right time. Converting opportunities in sales is the essence of a sustainable business.

Customer perspective:

% Profitable customers – Getting the balance right is the basis for financial success. Although oftentimes it is difficult to track, it adds a great deal of insight and informs decision making. Activity based costing is key to getting this indicator right.

 # Net Promoter Score – Having customers that are not only satisfied, but are actively endorsing a company/product/service. Recently has become a favourite indicator of customer satisfaction, due to its simplicity and relevance.

Process perspective:

% On-time delivery – An operational focused KPI with wide reaching implications. It can be used in a variety of industries and functional areas, as time is an important resource to anyone. Oftentimes it acts as a bottleneck as it is influenced by many indicators and it impacts a great deal of other indicators.

% Projects on time, on budget and according to specifications – Getting the triangle right is difficult and priorities may vary from one project to another. It is however a useful base to start from. Can be customised as per the preference of project boards and project managers to cover only specific aspect of the triangle.

% Processes optimised – One key managerial responsibility is creating the right environment for the staff members to operate in. This includes using a management system that is well thought of and refined. Mapping and improving work processes is key to using a performance oriented architecture.

People, learning and growth perspective:

 # Employee engagement index – Some say money can't buy it. It is that extra level of commitment that is induced by motivating purposes, inspiring leaders and working environments that facilitate happiness in the professional life.

 # Proposed improvement ideas per employee – Inspired by H.W. Heinrich's work in the 1930s on "the Pyramid Theory" as some call it. The main results are visible at the top, but you need to monitor the base to ensure processes lead to the desired outcomes.

$ Investment in learning per employee – Not the ideal indicator of training impact, but a widely used substitute. It monitors both training spend and the wide allocation of funds to avoid serial trainees.