

Key Performance Indicators (KPI)

Key Performance Indicators (KPI)

Key Performance Indicators (KPI), like mile markers on a highway, provide an indication of location. KPI's of a business or organization utilize specific, predefined measures. Once the organization determines its yearly goals, the employees and leaders more easily identify the Key Performance Indicators. When defining these goals, the Key Performance Indicators are the measurements used to determine progress toward those goals.

What Are Key Performance Indicators (KPI)

Key Performance Indicators are specific measurements, agreed to in advance, that reflect the critical success factors. They may differ between each specialized department, according to daily-performed tasks. For example, a KPI for one area may include the percentage of its income derived from return customers. An assistant may focus its Key Performance Indicators on setting the correct expectations for each client. The front office may have as one of its Key Performance Indicators the percentage of client appointments actually seen in a typical workday.

Regardless of the specific Key Performance Indicators selected, each must reflect the overall goals of the organization. The KPIs are the keys to success, and must be measurable! Key Performance Indicators are essential both in coaching individuals and teams, in addition to their importance in quarterly Performance Reviews.

The definitions of what they are and how they are measured do not often change. The goals for a particular Key Performance Indicator, however, may change as the goals of the organization change, or as it draws closer to achieving desired goals.

Key Performance Indicators Must Be Quantifiable

If a Key Performance Indicator is going to be of any value, it must be accurately defined and distinctly measurable. "Generate Repeated Guests" is useless as a KPI without some way to distinguish between new and repeat customers. "Be The Most Popular Company" will not work as a KPI because there is no way to measure the company's societal popularity, or legitimately compare it to others.

What Do I Do With Key Performance Indicators?

Once Key Performance Indicators reflect the goals, they become the performance management tools. KPIs give everyone a clear picture of what is important, a unified vision of what must consistently take place as individuals, teams, and an entire staff. KPIs ensure that every activity is focused on meeting or exceeding the goals and needs of the organization. They also assist in the "plus one."

When your organization reveals the targets for each KPI, and accurately monitors the progress toward those targets, then the staff will be motivated to reach those KPI targets. True ownership of the organization will begin to flourish.

Defining Key Performance Indicators

Each member of the organization should participate in analyzing the organizational goals and daily job requirements, with the development of accurate and measurable Key Performance Indicators in mind. This should occur as individuals and as teams/departments.

Ask these two questions:

"If I were reviewing my own performance in an effort to calculate my personal progress, what would I want measured?" And, "Will these measurements ensure my success in meeting the overall goals of the organization?"

Eric Ogea
Integra Concepts