Impactful KPIs
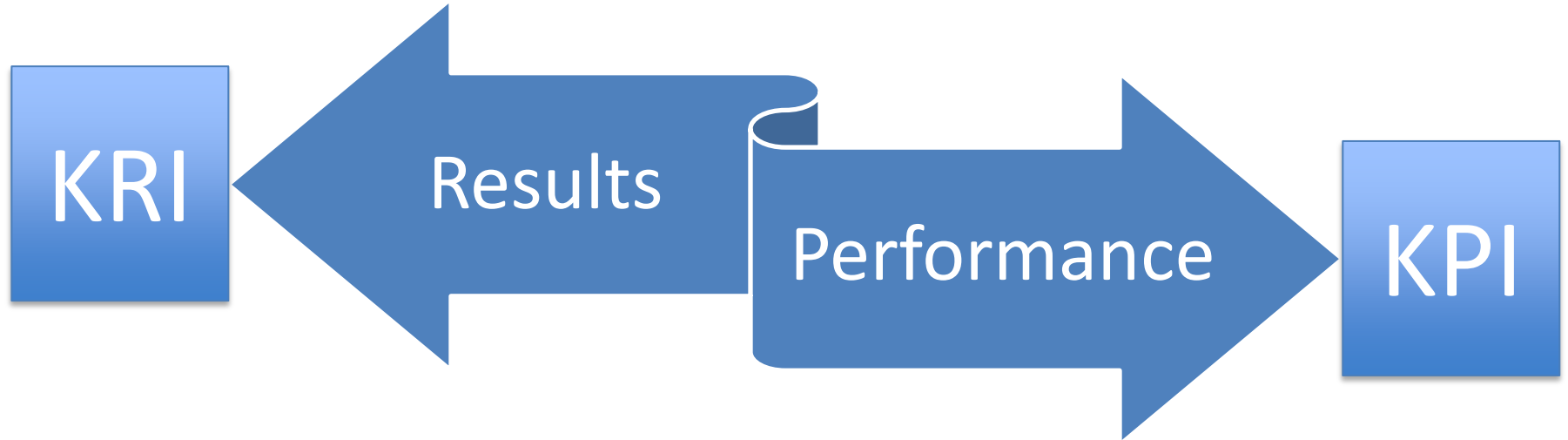
GrowCFO – The Future of the Finance Function

Everything has an API these days, so lets plug our business systems into a KPI dashboard

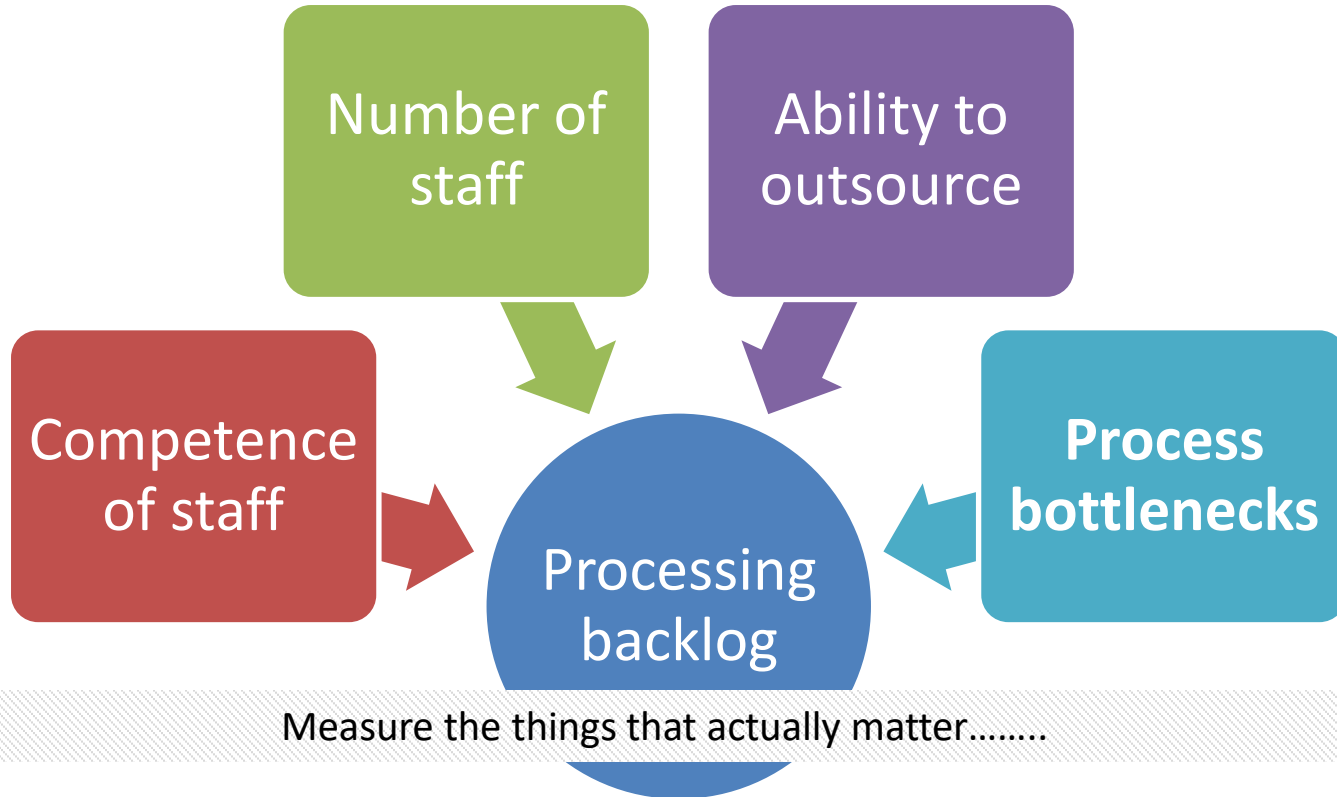https://www.scoro.com/blog/best-kpi-dashboard-software-tools-reviewed

The problem with KPIs is not the technology its what to measure.

We need to look forwards and not backwards

£ / $ amounts are result indicators not performance indicators

The biggest problem is lots of data but few business insights

Number of staff

Ability to outsource

Competence of staff

Process bottlenecks

Processing backlog

Measure the things that actually matter……..

Measure what counts … rather than counting what's easy to measure

Good Visibility of Past, Present and Future, Hazards, Capability, Regulations

Impactful KPIs: What Should You Measure?

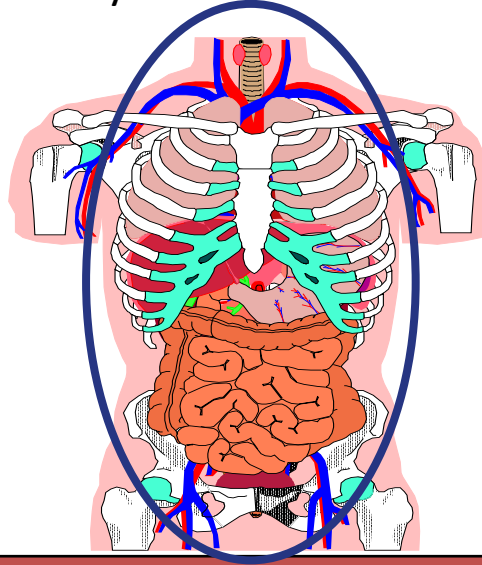- Strategic objective: A long and healthy life

Results
Days off sick - *45*

Died at *62!*

Subjective measure
How do you feel?
- *Lousy!*

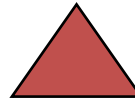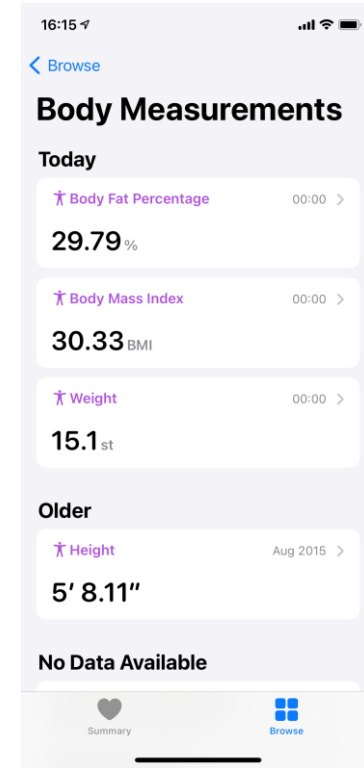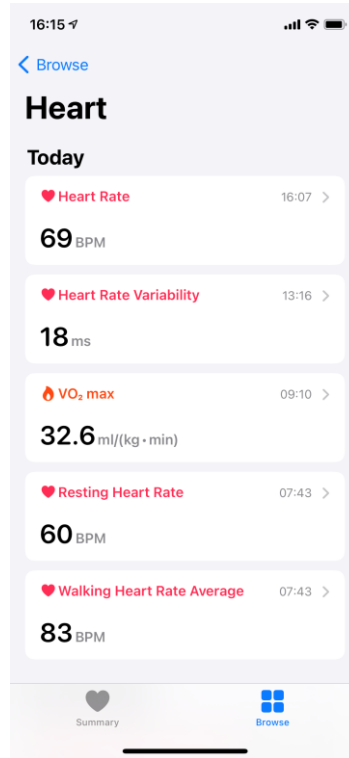**Enablers**
Exercise?
Smoke?
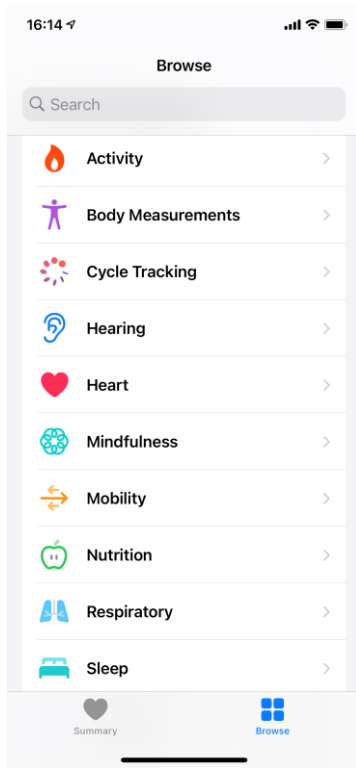Eat properly?
Stressed?

Objective measure
Temperature?
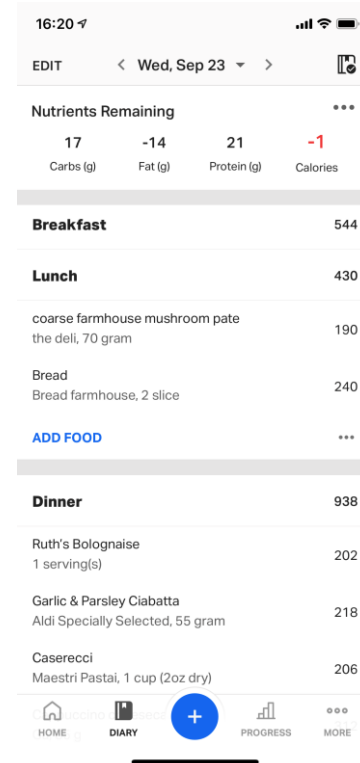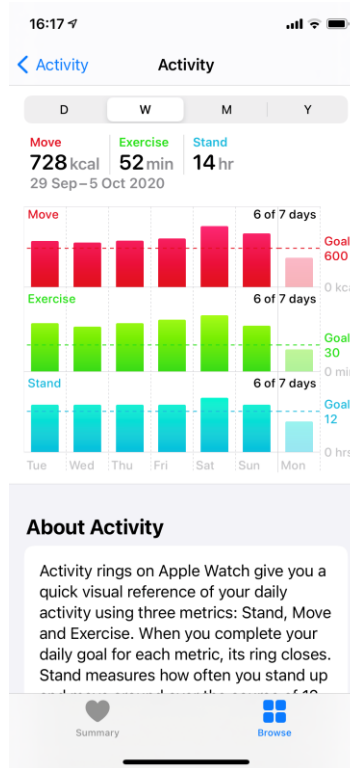Blood pressure?

Knowledge of the system

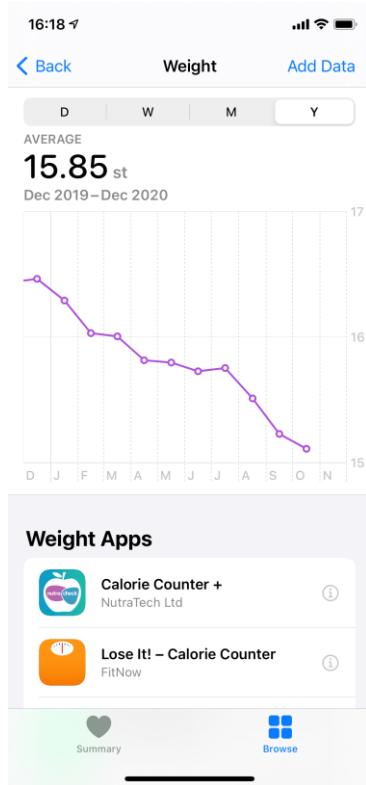...What action should I take?

Technology means we have lots and lots of data

But you need to make sure it's the right information

What Gets Measured Gets Done

Energy

High

Low

✓ Dynamic
✗ Focused

✓ Dynamic
✓ Focused

Agile

✗ Dynamic
✗ Focused

✗ Dynamic
✓ Focused

Low   High

Focused on strategy
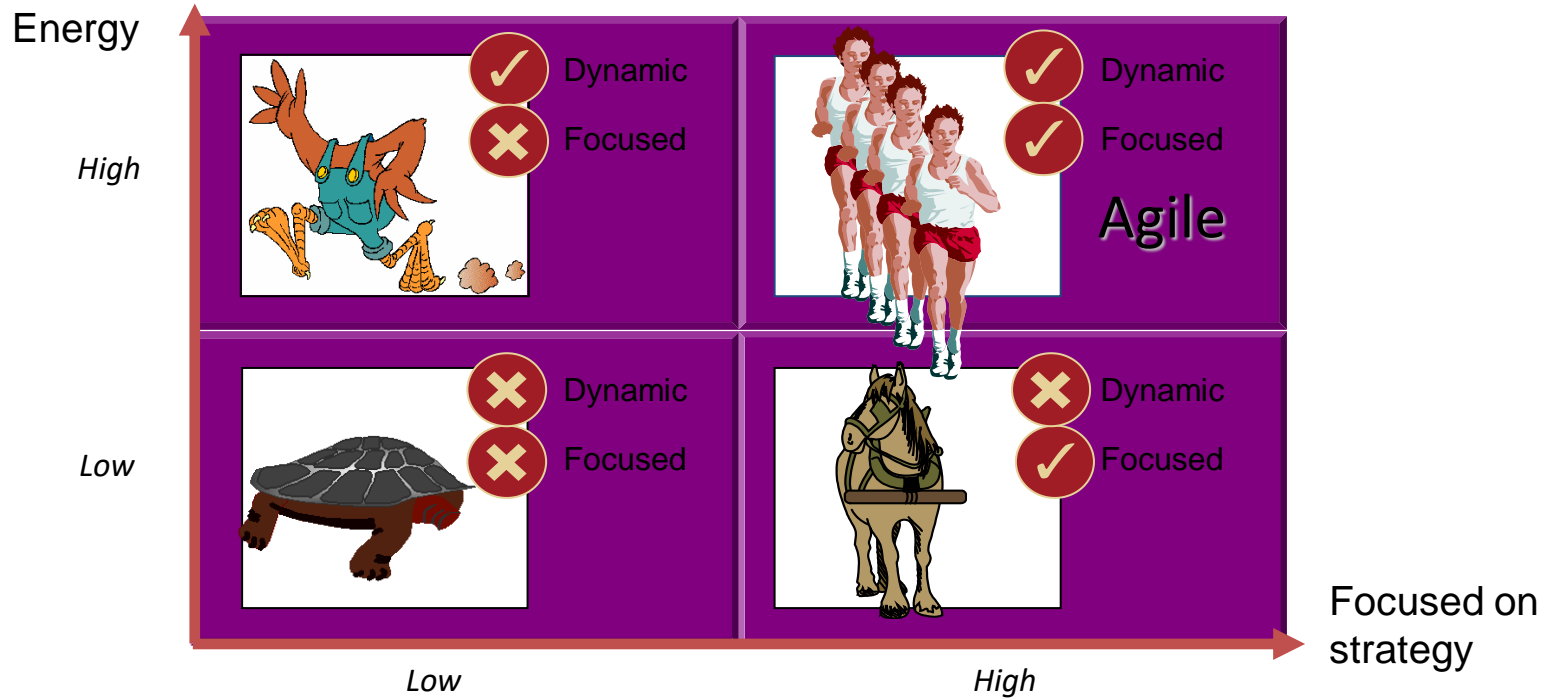
So its really important to drive the right behaviour

Linking strategy to value

A common problem is that a lot of businesses have no idea what their strategy is

Focus on what you can control the most

Legislation & regulation

Market forces

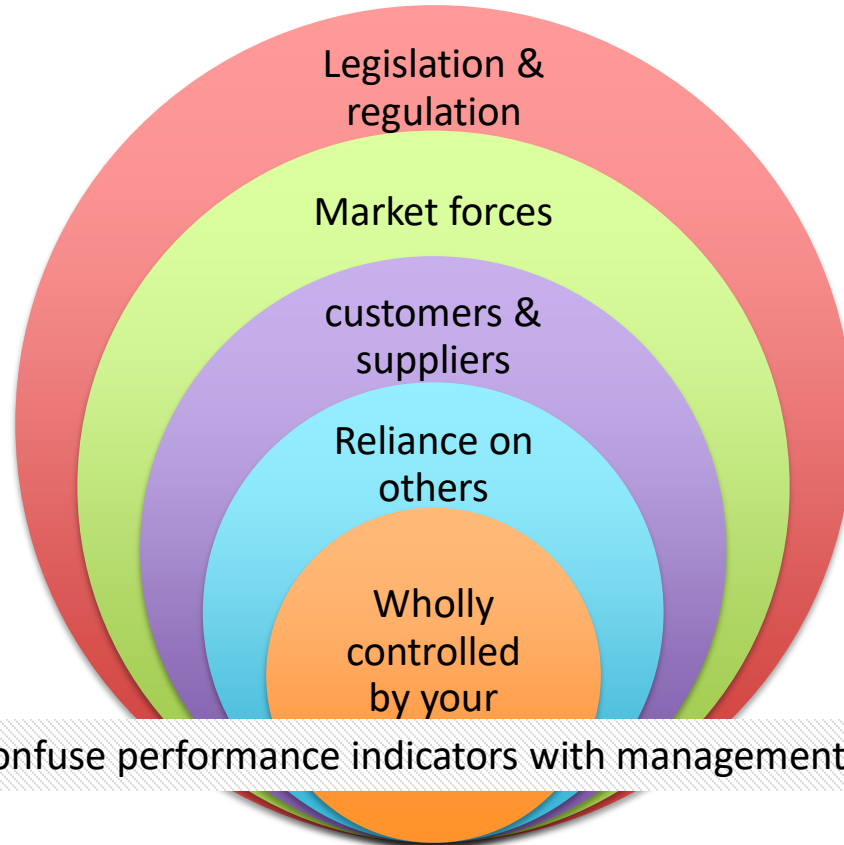customers & suppliers

Reliance on others

Wholly controlled by your

Don't confuse performance indicators with management information

And on the things with the biggest impact

Focus on the "High/High" Drivers
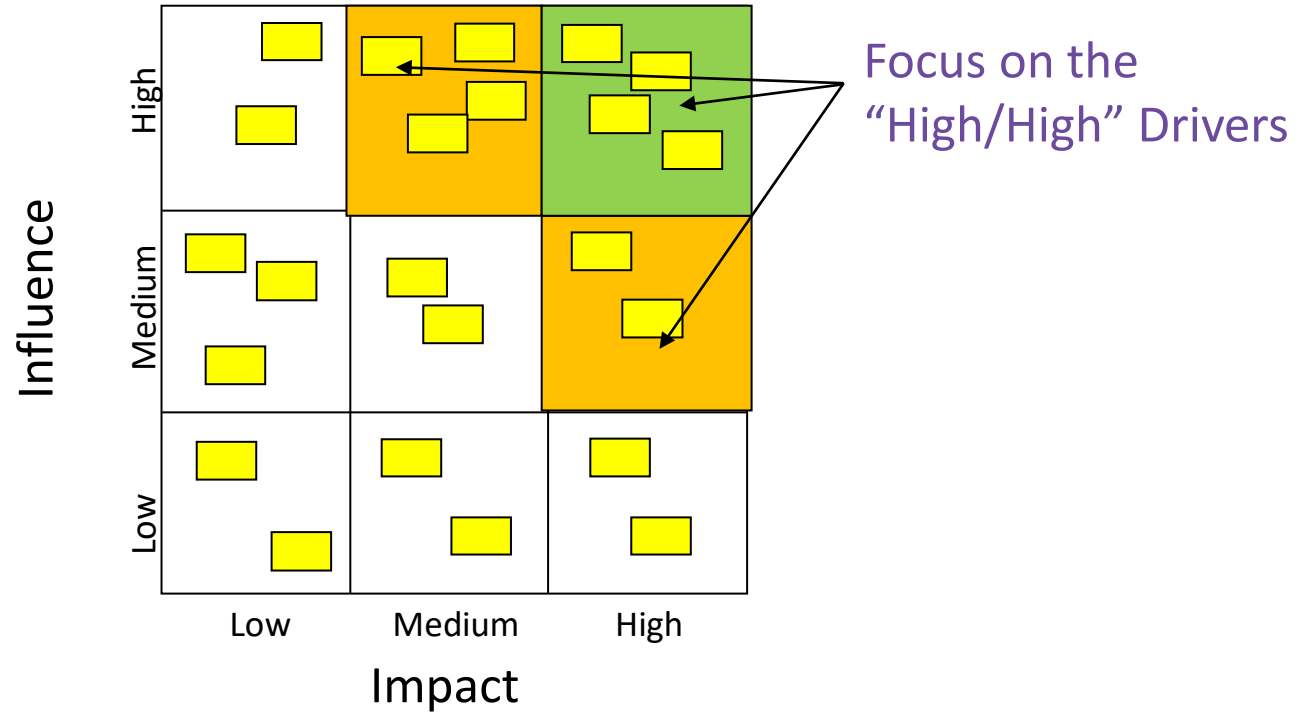
You need to have a high impact on the outcome and you need a high ability to influence it

Create a balanced view of performance

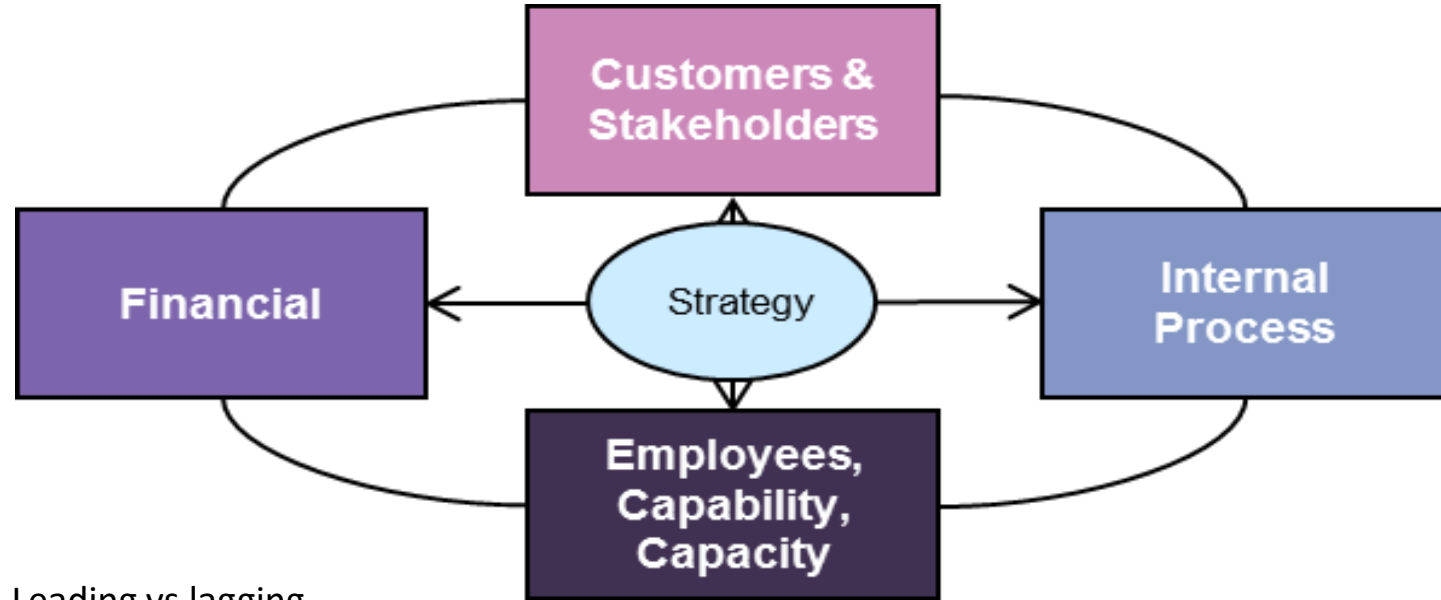- Leading vs lagging
- Enablers vs outcomes
- Financial vs non financial
- Objective vs subjective

Have a small number of measures
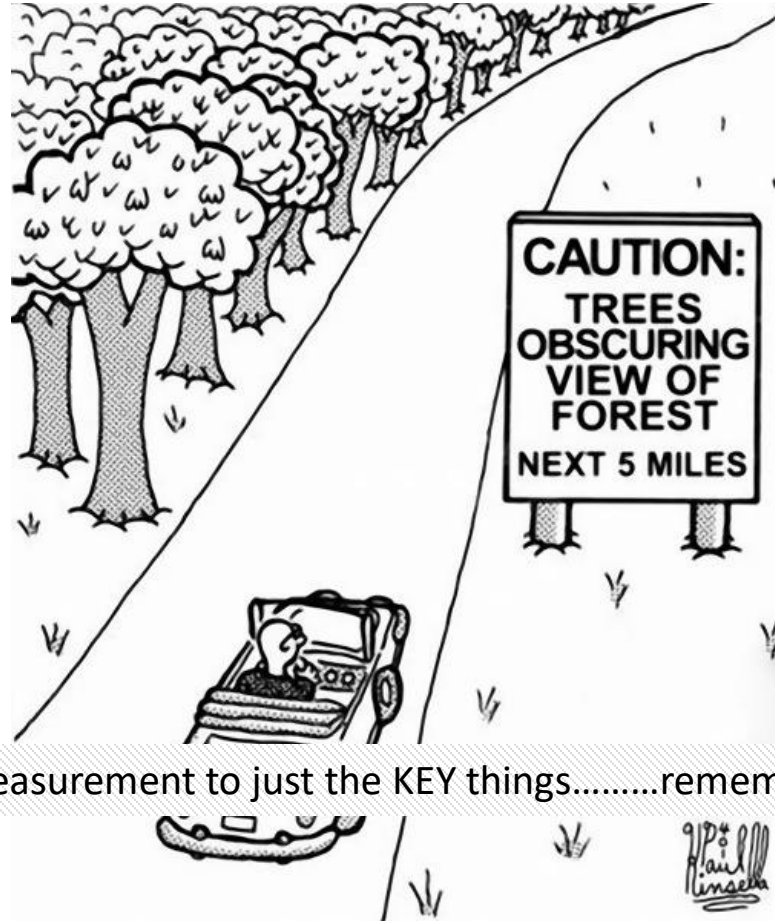
Restrict your measurement to just the KEY things………remember these are KPIs

Set appropriate targets and tolerances

But be clear what you mean by amber and red

Measure the right things at the right level

Remembering that communication is a two way process
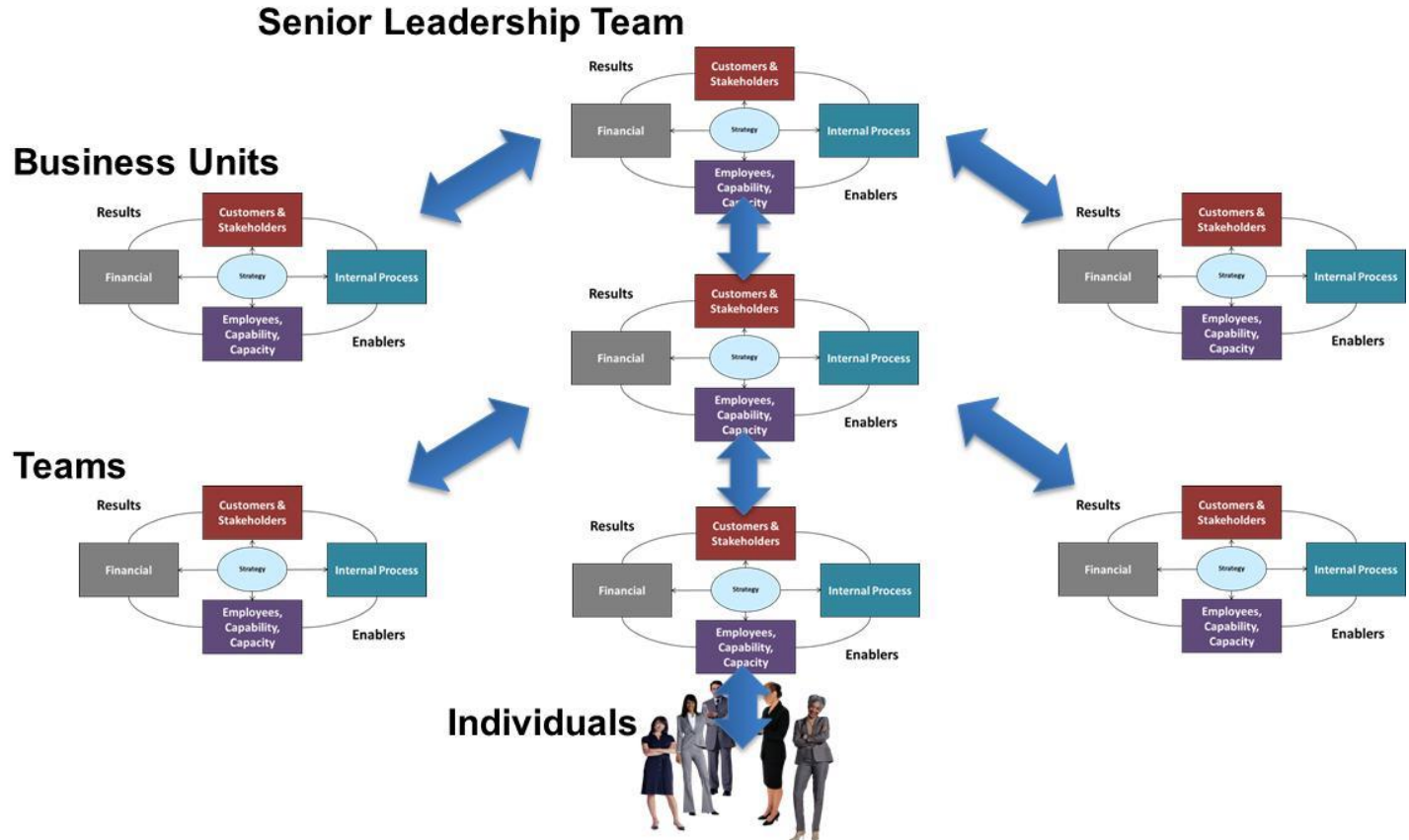
6 Step KPI Project

Strategy → **1. Understand Objectives** → Business Objectives

2. Select Key Drivers of performance → Critical Success Factors "Long List" of potential measures

Types of Measures
Good Measures Criteria → **3. Evaluate potential measures** → Reduce "Long List" to "Short List" of measures

4. Detailed Measurement definition → Agreed list of measures for dashboard

5. Develop measurement process & tools → Prototype Dashboard

Real time information → **6. Develop management system** → **Actions**

Targets →