

# An Introduction to Key Performance Indicators

Key Performance Indicators (KPIs) are an important metric in businesses, linking the business's strategic goals to day-to-day activities. However, KPIs are really only effective if you identify the right ones for your business. KPIs will only deliver insightful data if you use the right KPIs and analyse what they tell you on a regular basis to inform your decision making.

All too often, businesses jump straight to setting targets based on the first indicators that come to mind, or ones commonly used by others. But these are not necessarily relevant to your business and won't be the powerful driver of performance and behaviours that KPIs can be.

## What is a Key Performance Indicator?

The KPI definition that we use is, "a measurable value that shows the progress towards and the likelihood of achieving a business, team or individual objective". Businesses can use KPIs as a way to track whether their objectives are on-track, behind, ahead, or have been achieved.

*A KPI is only as effective as the action or behaviour it inspires.*

Remember that the secret to success is not in the KPI itself. The secret to success lies in the actions you take to impact the KPI. Don't measure everything that moves. Measure what you want to move. Focus on actions, get value, achieve success, and maintain momentum. Once you move into the phase of maintaining momentum, you are ready to tackle another area and develop a few more KPIs. You can keep the original KPIs on your dashboard for a period of time to ensure they stay on track, but eventually you may be able to remove them. Less is more!

## Key Performance Questions

KPQs are the building blocks of good KPIs. KPQs identify the questions we need answers to before we then find KPIs that will help us answer those questions. Thus, developing more relevant and measurable indicators.

KPQs should be open (not closed) questions. They should be future orientated.

## From Strategy, to KPQ, to KPI

The development of strong indicators begins with your strategic business objectives; and then identifying between 1 and 3 Key Performance Questions (KPQ) for each objective. The right questions will guide you to identify and set measurable KPIs for each question.

## Process

