

KPI = 100% MY CHOICE IN 2019

BWFR | Choices-workshop & networking (MY PATH)

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2019 | THE YEAR OF GREAT CHOICES

STRATEGY | GOAL | KPI | SUSTAINABILITY | EVOLUTION | GROWTH

KPI TRACK

WHAT
WHY
WHO

BUILD-WITH-FORMULA-REPEAT
OBSERVE | RECREATE | GROW

WHAT IS KPI?

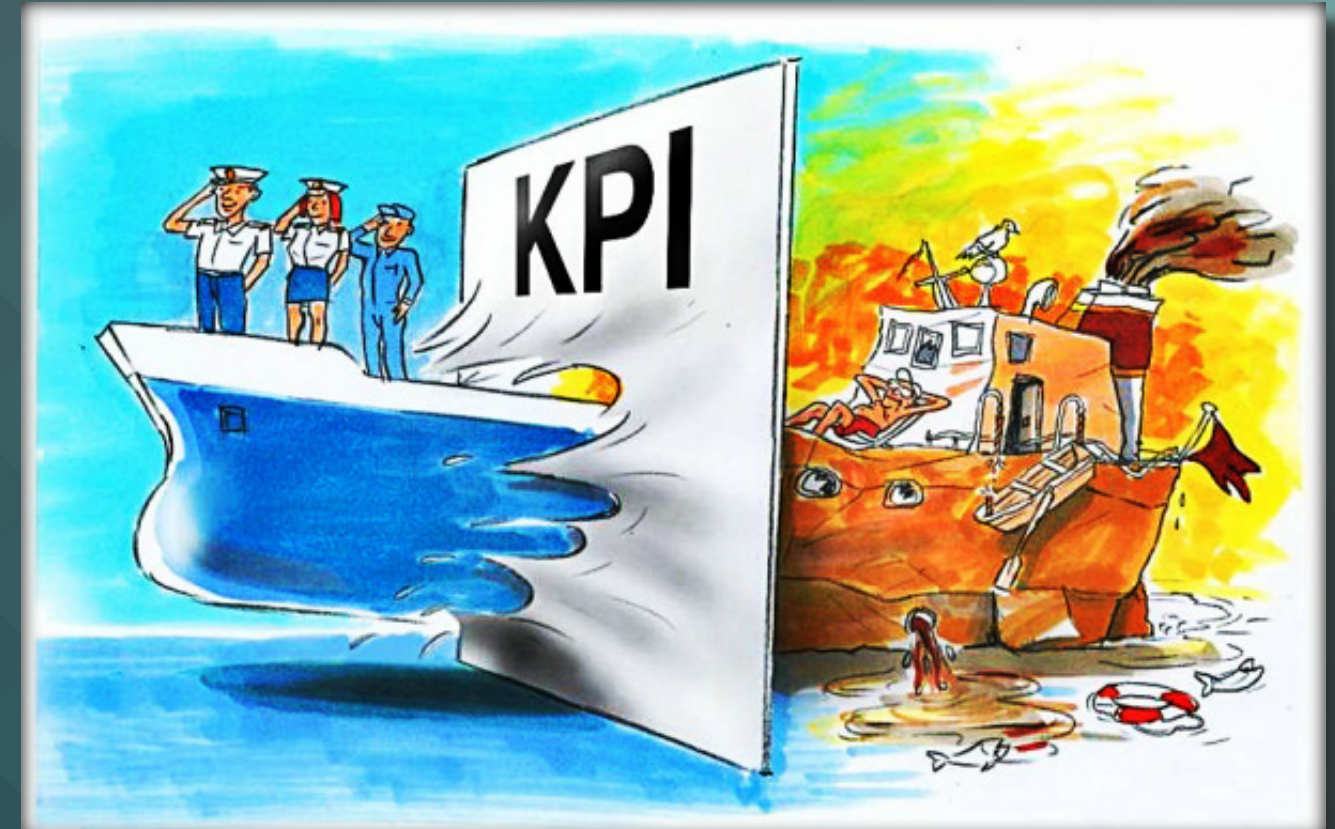


KPI DEFINITION

- A **KEY PERFORMANCE INDICATOR (KPI)** is a measurable value that demonstrates how effectively a company is achieving key business objectives.
- A set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their **strategic** and operational **goals**.
- Organizations use KPIs to evaluate their **success at reaching targets (high level KPIs)** and also individuals use it for a particular activity, such as projects, programs, products and other initiatives **(low level KPIs)**.

WHY ARE KPIS IMPORTANT?

- What Gets Measured Gets Managed and Improved
- Encourages Accountability
- Ensures Recognition
- They are Easy to Mix and Change/Adapt
- They Create (Good) Habits



WHO IS RESPONSIBLE FOR KPIS?

- Company-wide metrics – 1 responsible – focus everyone on the goal
- Individual/ part/ department level – 1-3 responsible people - focus everyone on the goal.

Note: if everyone thinks someone else is responsible then no one is truly responsible

BUILD-WITH-FORMULA-REPEAT

STRATEGIZE

MEASURE

PROPAGATE

INNOVATE



IDENTIFY AND CHOOSE YOUR KPIS

A good KPI should act as a compass, to confirm the right path toward your strategic goals.

To be effective, a KPI must:

- Be well-defined and quantifiable.
- Be communicated throughout your organization and department.
- Be crucial to achieving your goal. (Hence, key performance indicators.)
- Be applicable to your Line of Business or department.
- KPIs should match your strategy, not just your industry.

KPI SELECTION PROCESS - SMART

- **SPECIFIC** –the KPI is clear and focused toward performance targets
- **MEASURABLE** – the KPI could be expressed quantitatively
- **ATTAINABLE** – the KPI targets are reasonable and achievable
- **REALISTIC** – the KPI is pertinent to the work being done
- **TIME BASED** – the KPI could be measured in a given period of time

SMARTER by adding **Evaluate** and **Re-evaluate**:

- How and when will you Evaluate short term progress?
- How and when will you Re-evaluate long term progress?

ANOTHER METHOD- THE 6 AS

1. **ALIGNED** - Pick KPIs that are Aligned with your strategic business objectives
2. **ATTAINABLE** - Make sure the KPIs you pick are Attainable
3. **ACUTE** - Be Acute in your choice of KPIs
4. **ACCURATE** - Pick Accurate KPIs
5. **ACTIONABLE** - Select KPIs that are Actionable
6. **ALIVE** - Pick KPIs that are Alive

KPI SAMPLE

Objective is to increase sales revenue this year - Sales Growth KPI:

- **WHAT:** To increase sales revenue by 20% this year
- **WHY:** Achieving this target will allow the business to become profitable
- **WHO:** The Sales Manager is responsible for this metric
- **HOW:** By hiring additional sales staff, by promoting existing customers to buy more product
- **METRICS:** Progress will be measured as an increase in revenue measured in euro spent
- **WHEN:** Will be reviewed on a monthly basis
- **OUTCOME:** Revenue will have increased by 20% this year

1001 KPIS OR MAIN 75 OR JUST 4?

1. Net Profit, 2. Net Profit Margin, 3. Gross Profit Margin, 4. Operating Profit Margin, 5. EBITDA, 6. Revenue Growth Rate, 7. Total Shareholder Return (TSR), 8. Economic Value Added (EVA), 9. Return on Investment (ROI), 10. Return on Capital Employed (ROCE), 11. Return on Assets (ROA), 12. Return on Equity (ROE), 13. Debt-to-Equity (D/E) Ratio, 14. Cash Conversion Cycle (CCC), 15. Working Capital Ratio, 16. Operating Expense Ratio (OER), 17. CAPEX to Sales Ratio, 18. Price Earnings Ratio (P/E Ratio), 19. Net Promoter Score (NPS), 20. Customer Retention Rate, 21. Customer Satisfaction Index, 22. Customer Profitability Score, 23. Customer Lifetime Value, 24. Customer Turnover Rate, 25. Customer Engagement, 26. Customer Complaints, 27. Market Growth Rate, 28. Market Share, 29. Brand Equity, 30. Cost per Lead, 31. Conversion Rate, 32. Search Engine Rankings (by keyword) and click-through rate, 33. Page Views and Bounce Rate, 34. Customer Online Engagement Level, 35. Online Share of Voice (OSOV), 36. Social Networking Footprint, 37. Klout Score, 38. Six Sigma Level, 39. Capacity Utilisation Rate (CUR), 40. Process Waste Level, 41. Order Fulfilment Cycle Time, 42. Delivery In Full, On Time (DIFOT) Rate, 43. Inventory Shrinkage Rate (ISR), 44. Project Schedule Variance (PSV), 45. Project Cost Variance (PCV), 46. Earned Value (EV) Metric, 47. Innovation Pipeline Strength (IPS), 48. Return on Innovation Investment (ROI2), 49. Time to Market, 50. First Pass Yield (FPY), 51. Rework Level, 52. Quality Index, 53. Overall Equipment Effectiveness (OEE), 54. Process or Machine Downtime Level, 55. First Contact Resolution (FCR), 56. Human Capital Value Added (HCVA), 57. Revenue Per Employee, 58. Employee Satisfaction Index, 59. Employee Engagement Level, 60. Staff Advocacy Score, 61. Employee Churn Rate, 62. Average Employee Tenure, 63. Absenteeism Bradford Factor, 64. 360-Degree Feedback Score, 65. Salary Competitiveness Ratio (SCR), 66. Time to Hire, 67. Training Return on Investment, 68. Carbon Footprint, 69. Water Footprint, 70. Energy Consumption, 71. Saving Levels Due to Conservation and Improvement Efforts, 72. Supply Chain Miles, 73. Waste Reduction Rate, 74. Waste Recycling Rate, 75. Product Recycling Rate

WHERE DO PEOPLE GO WRONG WITH KPIS?

- **TOO MANY (KPI LIBRARY AVAILABLE).** Detail-oriented people such as accountants, programmers, and engineers tend to make everything a priority, which begs the question– if everything is a priority, is anything a priority?
- **TOO COMPLEX.** Measuring KPIs can end up looking like a mini-P&L. This is too complex to maintain.
- **TOO LITTLE TIME.** Some give up without testing KPIs for long enough and seeing valuable trends. It's not easy. If it were, everyone would be doing it.

OUT OF 1001 KPIS, THE 4 KPIS YOU SHOULD ALWAYS MEASURE

- CUSTOMER SATISFACTION
- INTERNAL PROCESS QUALITY
- EMPLOYEE SATISFACTION
- FINANCIAL PERFORMANCE INDEX




EXAMPLES

- **GOAL COMPLETION RATE:** open rate, click rate, subscribers to trails, mailing list;
- **SALES GROWTH:** essential for business and to monitor multiple time periods to measure trends and normalize your values;
- **PRODUCT PERFORMANCE:** ranking products based on revenue performance both the highest and the poorest performers, to adapt your product to resonate with your clients;
- **MARKETING ROI:** how much revenue the campaign is generating by comparison to its costs;
- **SALES TARGETS:** current sales in values or number of wins and compare them to past performance or projected sales, to define sales targets;

REPORT OBSERVE RECREATE

How do I report on KPIs?

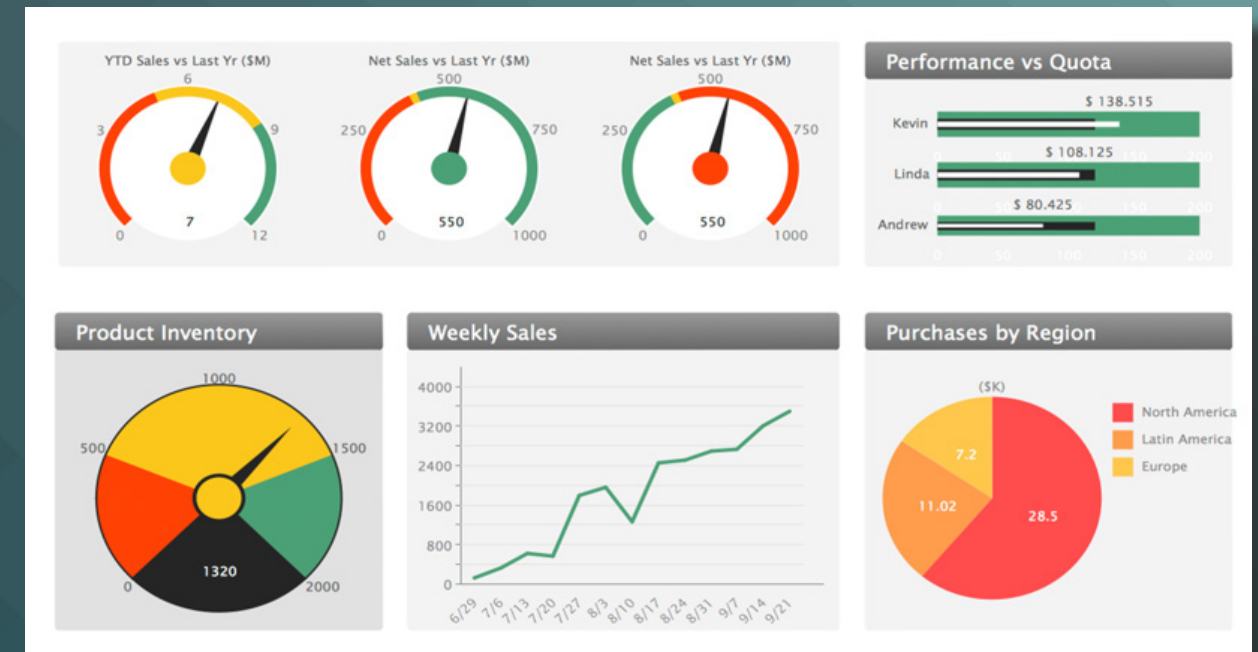


A KPI report is a presentation that summarizes your current performance in comparison to your objectives. It can be presented in a variety of ways: from spreadsheets and slide decks to formal written reports and, as we prefer, dashboards.

Traditionally, KPI reports are developed on a quarterly basis. But, depending on how in-depth these reports are, you may want to create a KPI report every time you conduct a KPI review.

HOW TO PRESENT KPIS

- Share an email report with KPIs
- Distribute a PDF that shows KPIs
- Present KPIs using a slide presentation
- Display KPIs on a TV dashboard
- Visualize KPIs using a KPI dashboard
- Share KPIs using mobile reports or dashboards
- Build your own KPIs using dashboard software.



REPORT OBSERVE RECREATE

Why should I review KPIs?

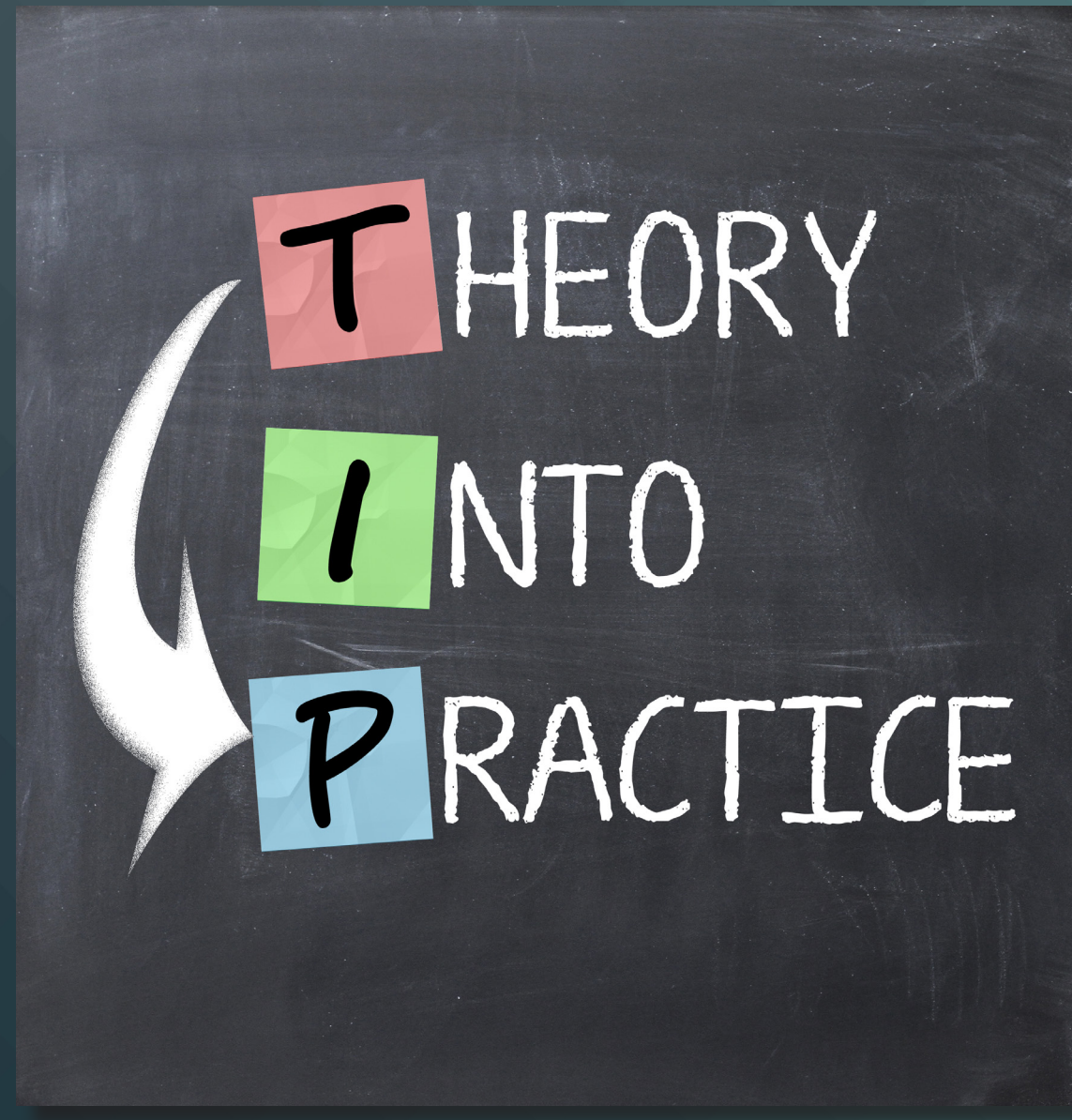


Goals may change over time, and performance and progress toward those goals certainly will differ too. As such, a KPI from three months ago may not be as relevant to today. This is why it's important not to set and forget your KPIs.

KPIs should be reviewed regularly in a timeframe relevant to the final allotment you've set for achieving your goals.

You could conduct reviews on a daily, weekly, monthly, or quarterly schedule depending on the set time span.

PRACTICE PRACTICE PRACTICE



GROW

Whether you think
YOU CAN
or think you can't,
YOU'RE RIGHT.

-HENRY FORD

GROW



QUESTIONS AND ANSWERS



THANK YOU

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