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OVERVIEW of KEY PERFORMANCE INDICATOR (KPI) ESSENTIALS

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A Few Notes...

- Recording
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 - We will provide a PDF copy of this webinar when we email the link for the replay.
- Questions during the webinar
 - Please use the Q&A box that is located on the bottom menu and type your question in the pop-up box. **Do not use the Chat box for questions.**
 - We will answer as many questions as time permits at the end of the webinar.

Audio Settings ^ ~~Chat~~ Raise Hand Q&A Leave Meeting

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1. Introduction to KPIs and Performance Management
2. Launching the KPI Development Program
3. Articulate Strategic Intent
4. Identify Strategic Objectives
5. Identify Intended Results
6. Understand Alternative Measures
7. Select the Right Measurements for each Strategic Objective
8. Define and Document the KPIs
9. Perform Review Cycle (Set Targets and Thresholds – Implement Improvement Initiatives)
10. Collect Data and Visualize Performance
11. Analyze and Draw Conclusions
12. Report - Share - Learn

Introduction to KPIs and Performance Management



Performance Measure (KPI) Definition

Performance Measures (or Key Performance Indicators - KPIs) are the critical (key) indicators of progress toward a desirable outcome

KPIs and Performance Measures:

- Are expressed quantifiably, such as:
 - # of safety accidents
 - % of product defects
 - Graduation *rate*
- Are NOT initiatives, actions or tasks (e.g., “redesign the website”)
- Are NOT “surveys” (the tool itself)
- Are NOT a piece of software



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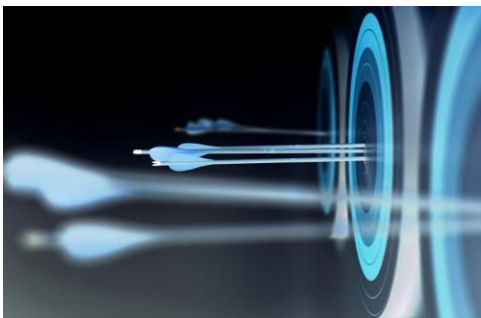
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KPIs Can Be Interpreted Using Targets & Color Coding

Target: the desired level of performance

Green traditionally indicates good performance, **yellow/amber** indicate cautionary/medium performance, and **red** indicates poor performance.



Red Measure Report

| NAME | OWNERS | JUNE 2016 | JULY 2016 | AUGUST 2016 | SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 |
|-------------------------------|----------------------------|-----------|-----------|-------------|----------------|--------------|---------------|
| Utility Rates | dan | \$0.3072 | \$0.3072 | \$0.3072 | \$0.3072 | \$0.3072 | \$0.3072 |
| Customer Satisfaction | dan | 79.3% | 79.3% | 79.3% | 79.3% | 79.3% | 79.3% |
| Days Receivables | dan | 48 | 48 | 48 | 48 | 48 | 48 |
| First-call Problem Resolution | dan cristen.cristen@msi | 74% | 74% | 74% | 74% | 74% | 74% |
| System Uptime | dan | 99.35% | 99.35% | 99.35% | 99.35% | 99.35% | 99.35% |
| IT Satisfaction Score | | 2 | 2 | 2 | 2 | 2 | 2 |
| Non-residential Revenue | | \$31 | \$31 | \$31 | \$31 | \$31 | \$31 |
| Revenue | | \$7.15K | \$7.15K | \$7.15K | \$7.15K | \$7.15K | \$7.15K |

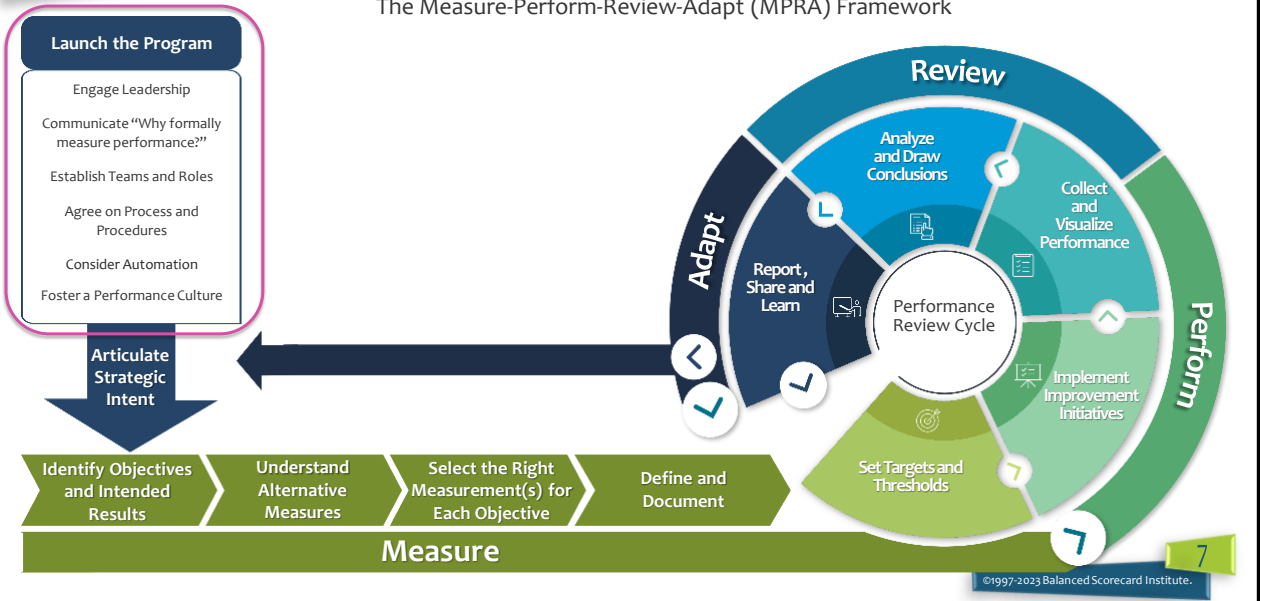
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MPRA Prework: Launch the Program

The Measure-Perform-Review-Adapt (MPRA) Framework



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Senior Leadership Owns the KPI Process

- Senior leadership is the driving force for any sustainable, substantial change
- The KPI champion must have direct access to the senior leader with whom the KPI responsibility falls
- The KPI process can be “housed” anywhere in the organization, but senior leadership is accountable for determining what location best serves the organization
- Consistency in **Leadership Commitment** is a critical factor
 - Employees must understand that change is **inevitable**
 - Leaders must “walk the talk”
- Ensure that employees have the training and infrastructure they need to implement the change



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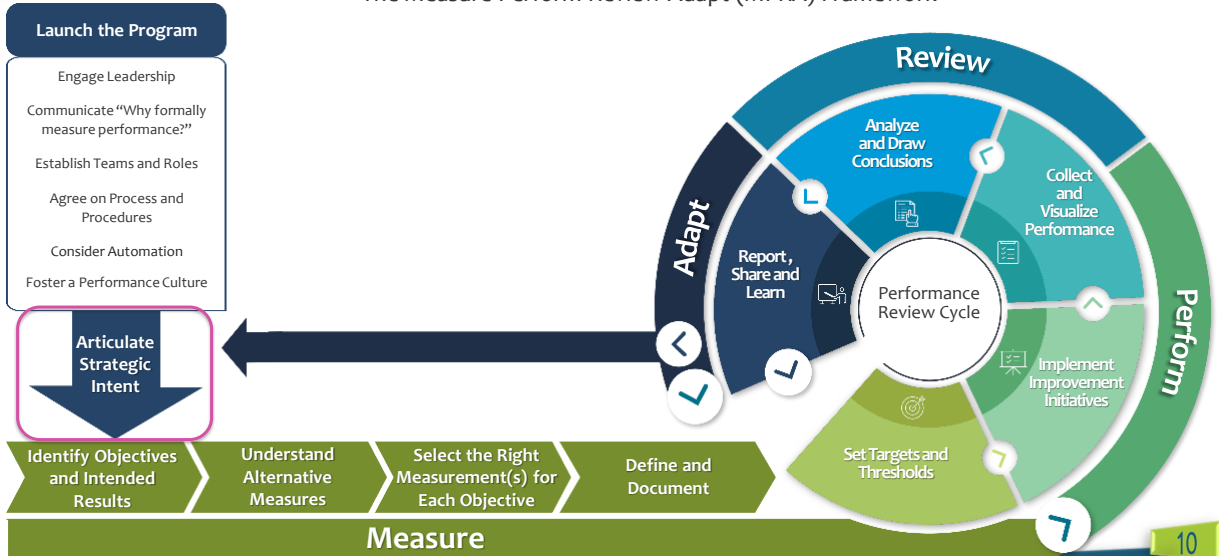
Establish Teams and Roles

- Conduct a readiness assessment
- Team charter, roles & responsibilities
 - Secure a mandate from senior leadership
 - Secure broad representation across the organization
 - Cross-functional
 - Many ranks and roles in organization (subject & process experts)
 - Include the “voice of the customer/stakeholder”
- Schedule and resourcing
- Team initial trainings



MPRA Prework: Articulate Strategic Intent

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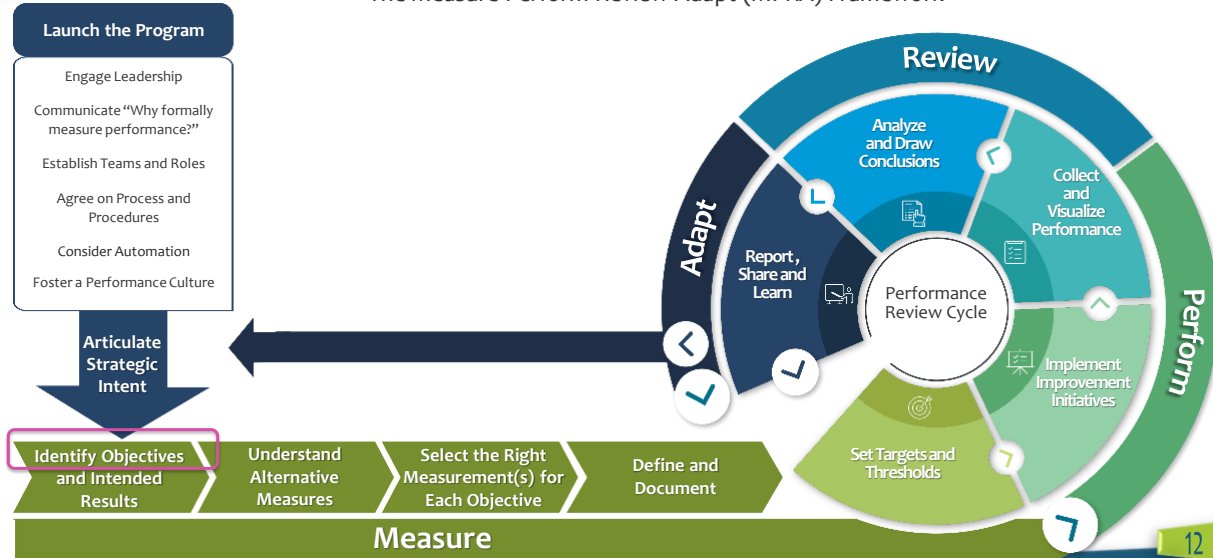
KPIs Require Strategic Context



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Identify Objectives

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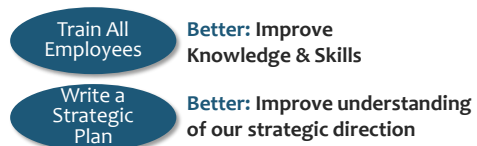
Characteristics of Good Objectives

- Action statements that describe what must be done to be successful over time
- Simple statements of strategic intent
- Easy to understand and represent or imply continuous improvement
- Use “verb-object” format - typical verbs:
 - Improve
 - Increase
 - Reduce
 - Decrease
 - Strengthen
 - Enhance
 - Lower

Good Examples:

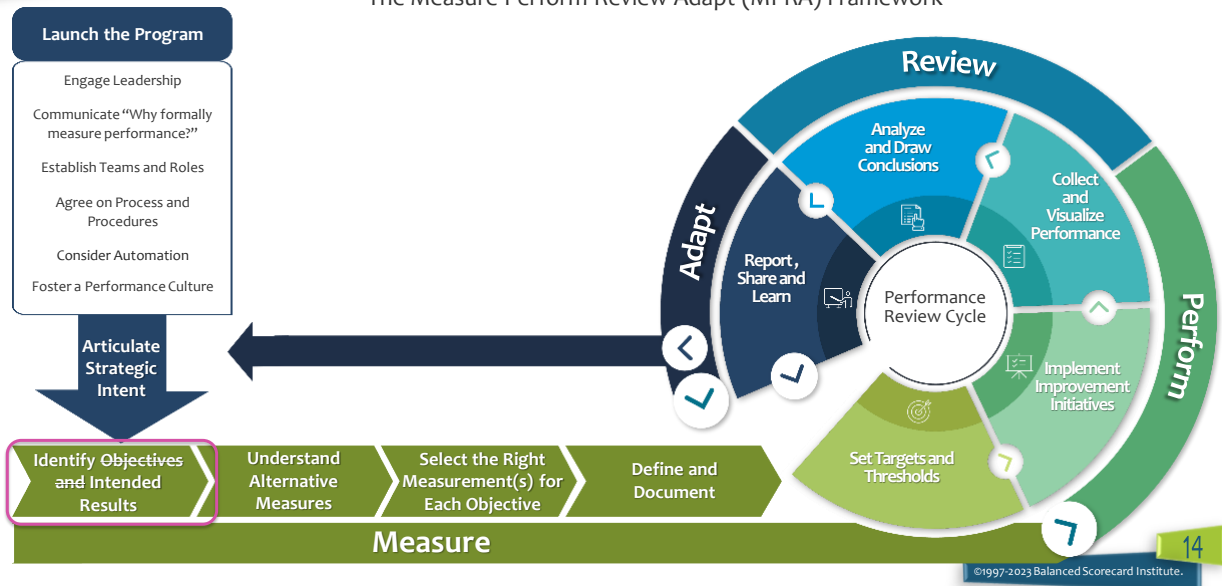


Not-So-Good Examples:



Identify Intended Results

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Write Intended Results Using Concrete, Sensory Language

Concrete: I want a fleet of quiet, blue, four-door, fuel-efficient cars



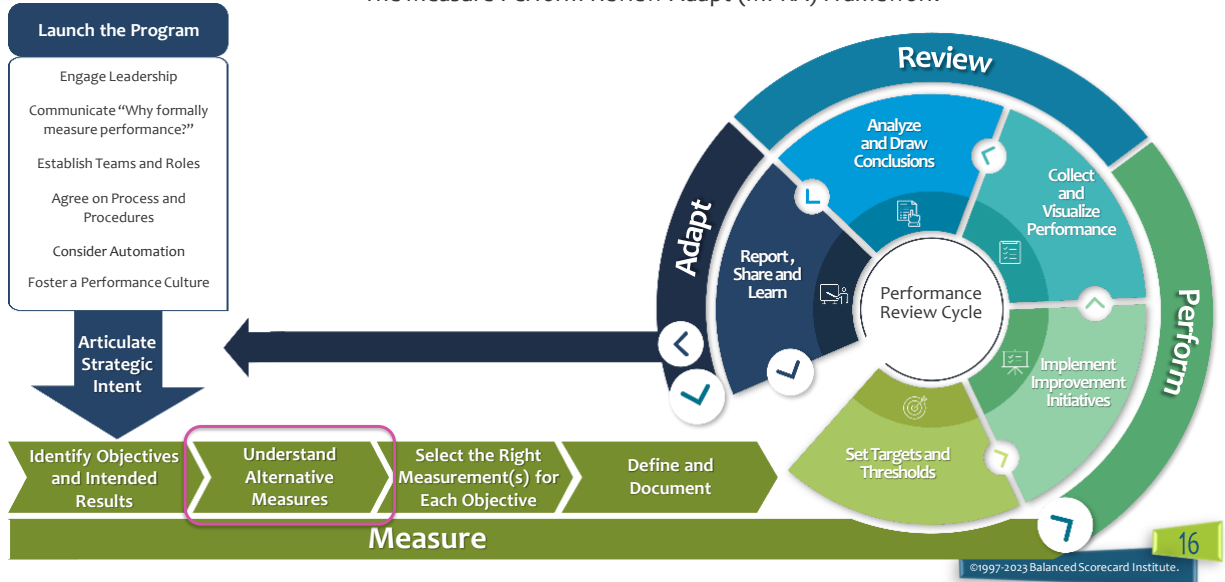
Abstract: I want world-class, high quality, great value, high-performing cars



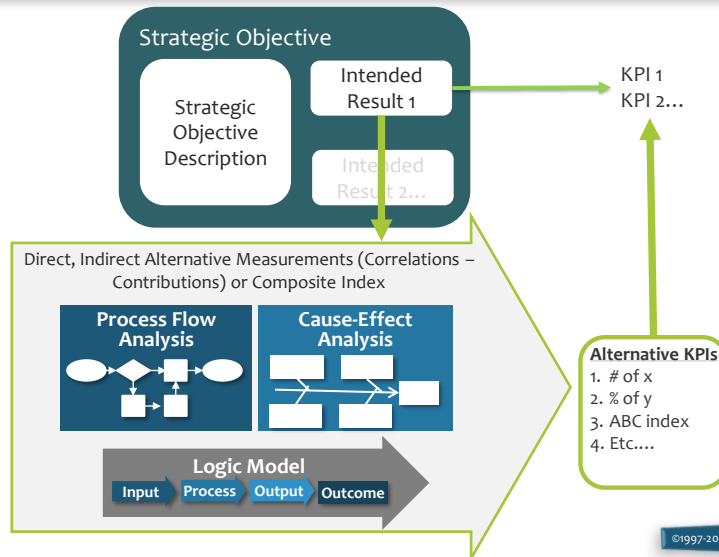
You can only measure what you can observe or detect

Understand Alternative Measures

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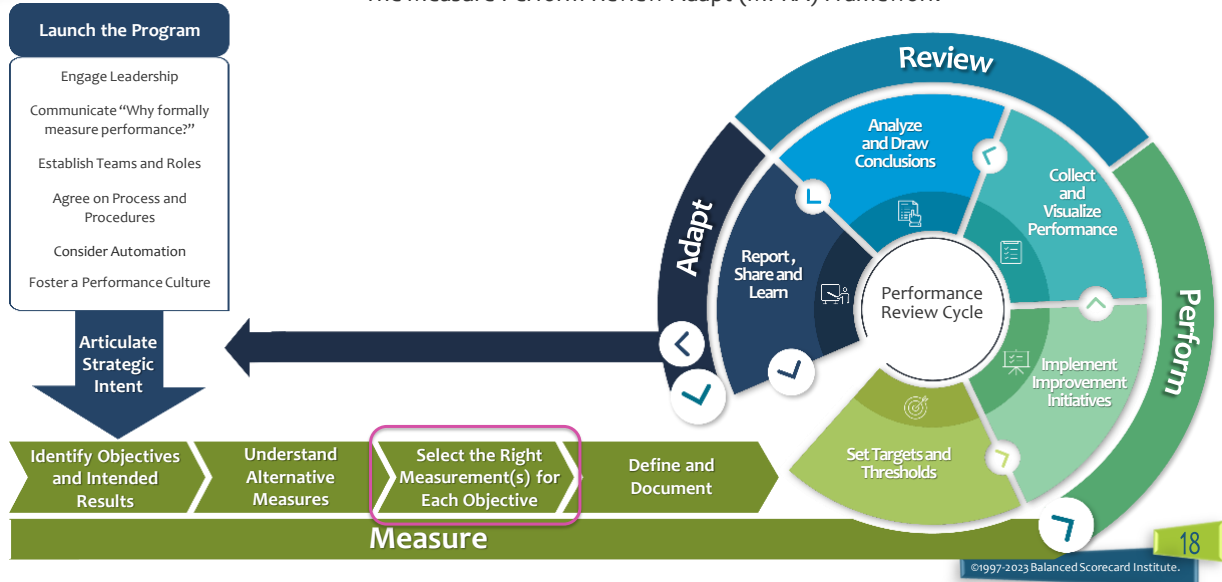
Alternative Candidate KPIs Are Developed Using Various Tools



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Select the Right Measurement(s) for Each Objective

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Select Measures that Balance Strength & Availability

Using a scale of 1 to 5, select measures that provide the **strongest evidence** of performance and that are the most **available to implement**. Use the anchor points below for reference.

Strength of Evidence

1. The measure will not provide much information or could even increase or decline regardless of intended result performance
3. The measure will provide some evidence of performance, although additional information would be needed to tell a complete picture of performance
5. The measure will provide very clear proof about the performance towards your intended result

Availability to Implement

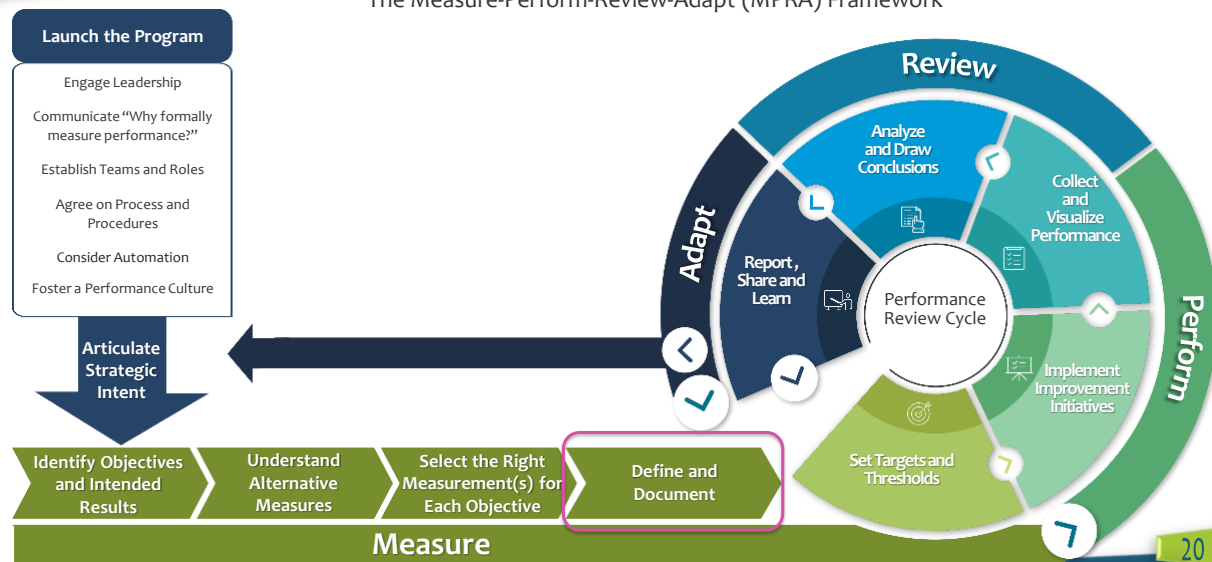
1. The organization does not currently collect and report this data and to do so would involve a tremendous cost or burden
3. The organization does not currently collect this data, but it would be relatively cost-effective to collect and report
5. The organization already collects this data and can easily convert it into performance information

Adapted from the PuMP Performance Measure Blueprint Workshop, by Performance Measure Specialist Stacey Barr (www.staceybarr.com)

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Define and Document

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Define and Document Selected Performance Measures

| | | |
|---|------------------------------|---|
| Objective Improve Community Satisfaction | Measure Description: | Periodic survey of a sampling of the local community, who are asked to quantify an "I am satisfied"-type response on a five-point Likert scale. |
| Objective Owner Steve | Formula: | # indicating Agree or Strongly Agree / total |
| Intended Result(s) Community members tell us that they are happy with our services. | Unit of Measure: | % |
| Measurement Name Community Survey Score | Measure Location: | Public Relations Office |
| | Measure Owner: | Fred |
| | Data Source: | Survey Monkey |
| | Collection Frequency: | Quarterly |
| | Reporting Frequency: | Quarterly |
| | Verified by: | Fred's IT Administrator (is data accurate?) |
| | Validated by: | Fred's Boss (is measurement meaningful?) |
| | Presentation: | Line graph |
| Target & Thresholds | | |

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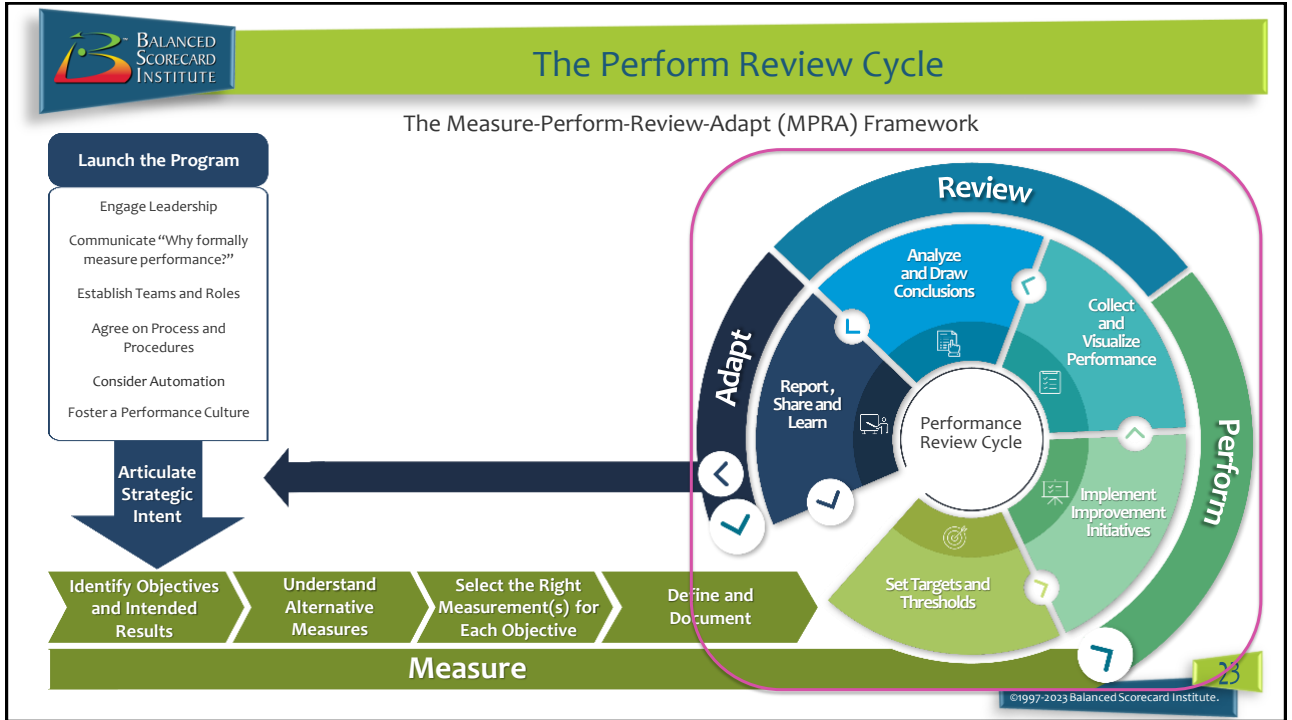
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The Perform Review Cycle

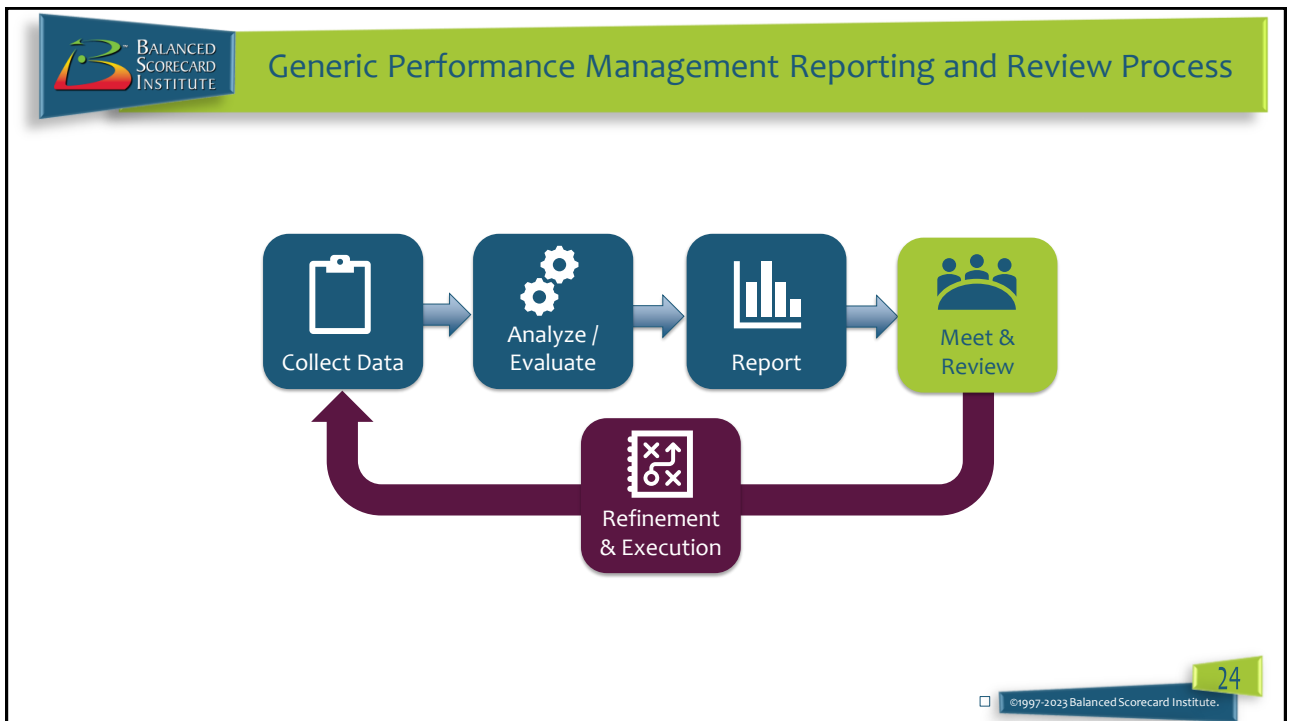
- Set Targets & Thresholds
- Perform
- Implement Improvement Initiatives



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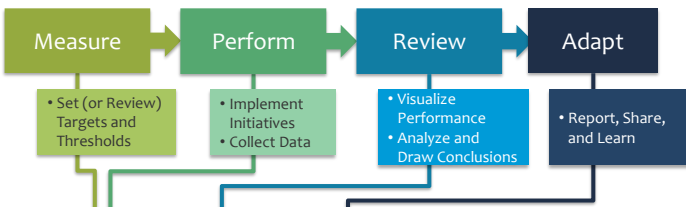
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The Review Cycle Repeats Each Period

Adopt a performance review cycle routine:



Repeat the pattern each period (usually quarterly)



Adapted from "Objectives and Key Results", Paul Niven and Ben Lamorte, 2016

Set Targets and Thresholds



Targets & Thresholds

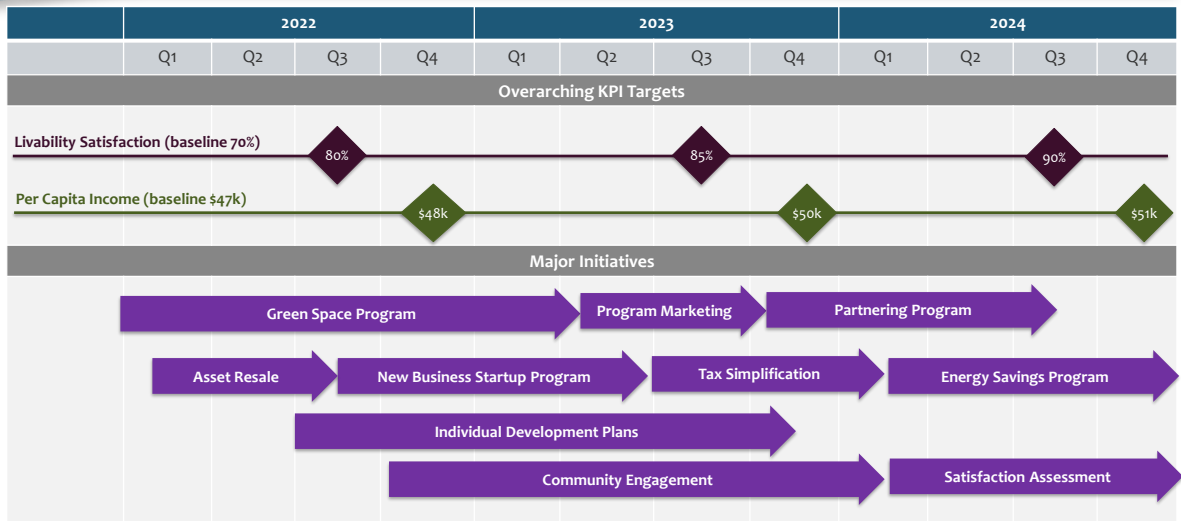


- **Target:** the desired level of performance for the reporting period in question
- **Threshold:** the upper and lower limits of desired performance around a target value (e.g., the exact point that we want an indicator to display green to indicate good performance, yellow to indicate caution or satisfactory performance, or red to indicate poor performance)

Implement Improvement Initiatives



Create a Roadmap That Connects Initiatives With KPI Targets

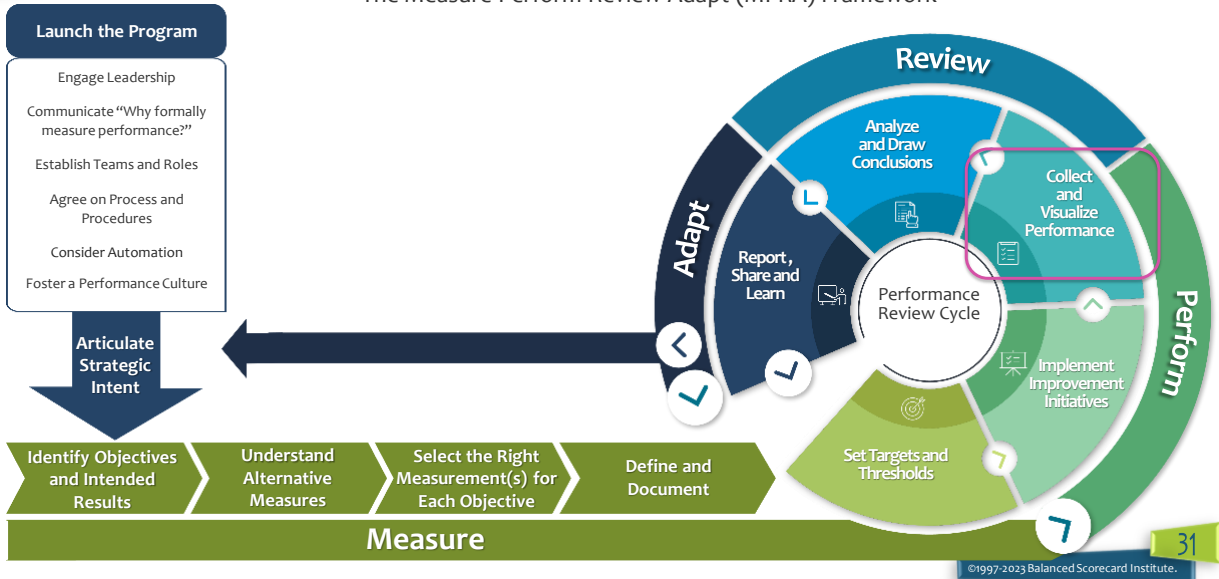


Collect Data and Visualize Performance



Collect and Visualize Performance

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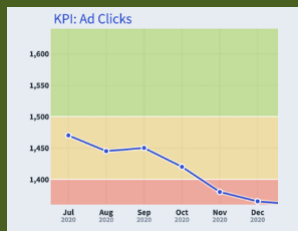
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From Data to Information to Intelligence

Data: We had 1,368 Ad Clicks last month

Information: We had 1,368 Ad Clicks last month relative our target of 1,500 and a red flag threshold of 1,400. Performance is clearly trending down.



Intelligence: Our growth strategy depends on web ads generating clicks, which are converted to sales. A driving objective in our strategy is *Increase Marketing Impact*. When Ad Clicks dropped below our red flag threshold, we implemented an “Increase Ad Clicks” Initiatives and performance improved



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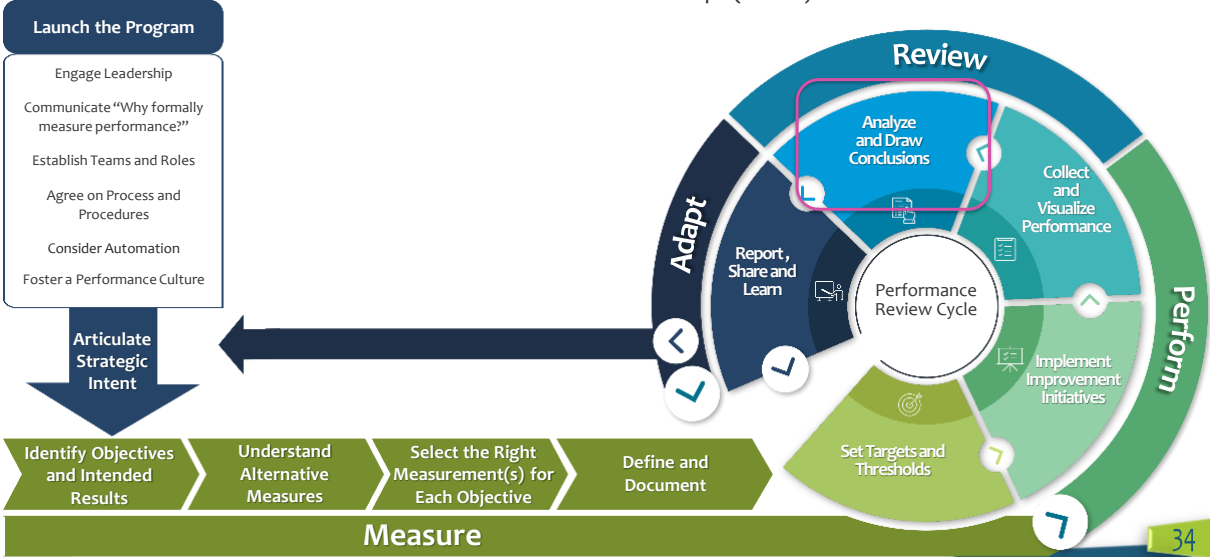
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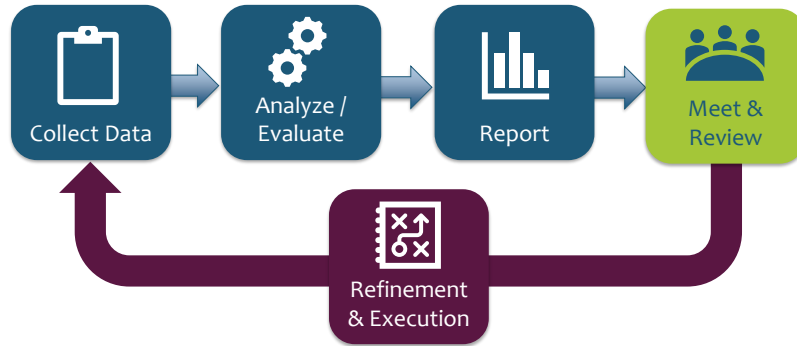
Analyze and Draw Conclusions



Analyze and Draw Conclusions

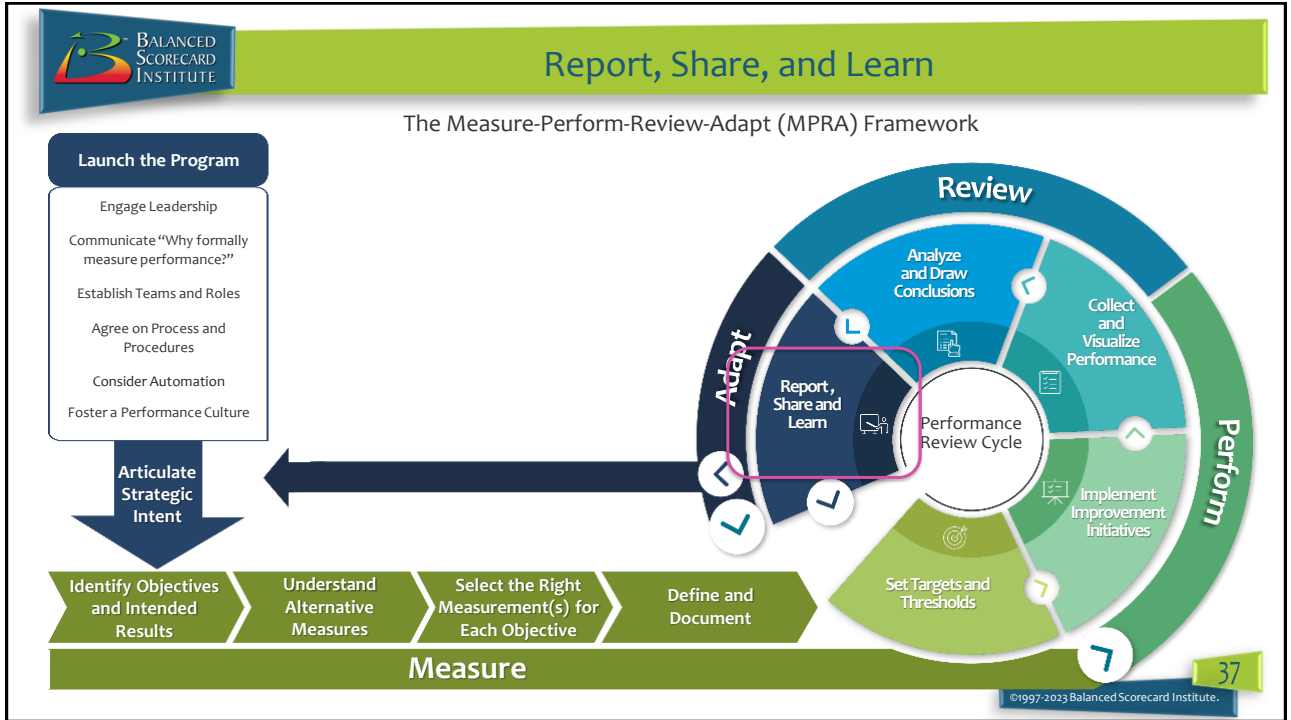
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Report, Share, and Learn





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Analyze and Draw Conclusions

Report and Share Information

- Keep reporting simple:
 - Use a clean line graph with simple targets or control limits
 - Avoid 3D and other distracting software effects
 - Try to answer 3 questions in your reports:
 - What is the current level of performance?
 - Why are we getting that result?
 - What actions are we taking next?
- Schedule periodic review meetings to review, interpret and discuss performance information

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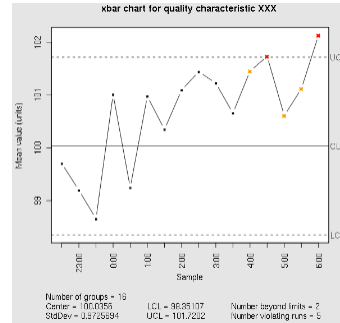
Adapted from Stephen Few, 2012 and Stacey Barr

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Use Data to Improve Performance through:

- Visualization, display and report design
- Data signal interpretation and response
- Knowledge sharing
- Analytics and analysis
- “Connecting the dots” across the organization



Continuously Review and Adapt Strategy

New Data-Driven Strategic Questions:

- Are our Initiatives making a difference?
- If not, should something else be tried?
- Does data confirm cause-effect theories represented in the strategy map?
- If so, can that logic be reinforced?
- If not, should the strategy map linkages be revisited?





Upcoming Events



June 22, 2023
Virtual!



June 23, 2023
Key Performance Indicator
(KPI) Essentials Course

Ready to take a deeper dive into KPIs after the webinar?
<https://tinyurl.com/CSS-KPI-Essentials>



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