30 KPIs To Measure Performance (& How To Choose & Track Them) | ClearPoint Strategy

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If you manage a team, there's a good chance you've heard of key performance indicators (KPIs). In its simplest form, a KPI is a type of performance measurement that helps you understand how your organization or department is performing. (Keep reading for a more in-depth discussion around "What is a KPI?") Used correctly, a good KPI should act as a compass that shows whether you're taking the right path toward your strategic goals.

The trouble is, there are thousands of KPIs to choose from. If you choose the wrong one, then you are measuring something that doesn't align with your goals. *How, then, should you go about selecting the right KPIs for your organization?*

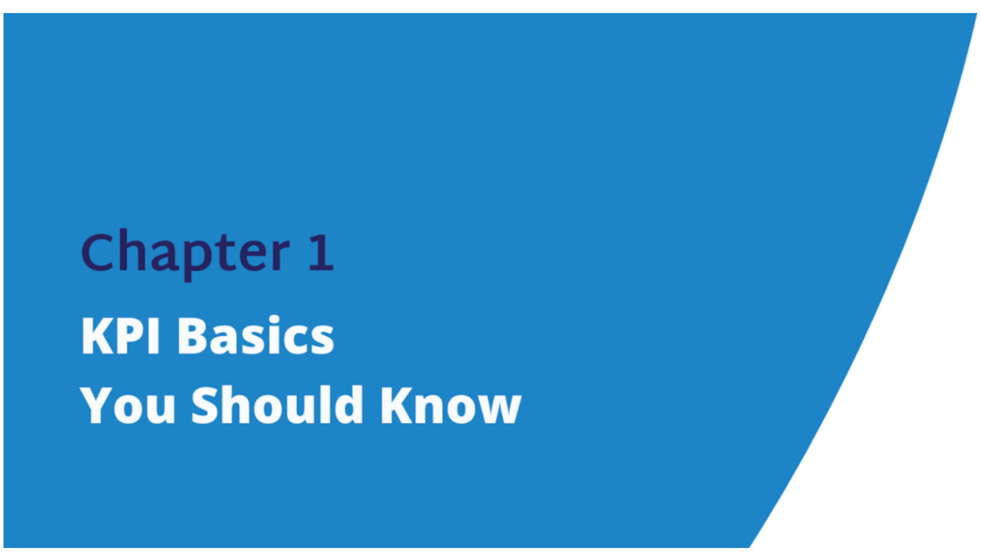
If you've found yourself asking that very same question, you're not alone. It's not unusual for companies to stray off course as a result of using the wrong measures. But the sooner you uncover your mistakes, the better—and you can always get back on track by revisiting your KPIs.

We've packed a lot of KPI insights into this article:

First, there's a **refresher on the basic concept of KPIs.**

Next, we shed some light on the **process of choosing and tracking KPIs** so you're better positioned to select the right ones for your organization.

Finally, we list **30 meaningful KPI examples** that can be applied to most companies.



Chapter 1: KPI Basics You Should Know

One of the questions we're asked regularly is, "What is a KPI?" We've found that the clearest way to explain the concept is to break it down into three levels:

An **indicator** is simply a measure used to capture a measurement in your business. For example, you might measure how many hours your employees work, the number of sick hours used, or the amount of paper used. It's important to note that indicators are very likely meaningless, because they likely don't impact your business. For example, does it really matter how many hours all of your employees have worked over the last week? It might only if you use those hours to bill clients—but otherwise, there's nothing actionable you can do with that bit of data.

A **performance indicator** tracks a measure related to your organization's performance. For example, manufacturing companies may choose to examine performance indicators around the number of raw materials sourced, the number of defects per manufactured lot, or the number of steps in your manufacturing process. But a performance indicator is missing one thing: Its criticality to the business. And that's where a *key* performance indicator comes in.

Key Performance Indicators (KPIs) are the subset of performance indicators most critical to your business at the highest level of your organization. *KPIs are used to help you measure your progress toward achieving your strategic goals.* In our experience, the most effective leadership teams track fewer than 25 measures that cut across the organization's four perspectives: financial, customer, process, and people.

Why is it so critical to select the right KPIs?

Simply put, KPIs drive organizational performance.

You've likely heard it said that "what gets measured gets managed"—we've found this to be true. If you're focused on your KPIs, your staff will be focused on changing the appropriate behaviors. On the opposite side of the coin, if you choose the *wrong* KPIs, you run the risk of driving unintended behaviors.

Let's say you manage a casual food business. One of your goals is to conserve food—so you choose a KPI related to serving smaller portions. An unintended consequence of this action could be angry customers who would rather dine elsewhere. Even though you've *technically* met your goal, the result shows you went after the wrong KPI. A better thing to measure may be about how optimal is your fresh food ordering process so you have to throw less away (with the KPI being "amount of food waste").

There are two rules for selecting the right KPIs:

KISS: You've likely heard the acronym, "Keep it simple, stupid." This phrase rings true for KPIs. Make it as easy to understand as possible, so your employees will be clear about what they need to do.

SMART KPIs: SMART stands for specific, measurable, attainable, realistic, and timely. Is your KPI all of these things? Take a look at this article for specifics on how to improve in each area.

What KPI selection mistakes should you watch out for?

There are two common missteps made during the selection process:

Choosing KPIs you've *always* measured. Measuring the KPIs you've always measured may not take into account any changes in your customer's behavior that could help your company grow. For example, let's go back to our fast casual restaurant example. If you're only measuring the speed at which you can bring people through the ordering line simply because that's what you've always measured, you may be missing an opportunity for growth that could be brought about by doing something new, like integrating an online ordering system.

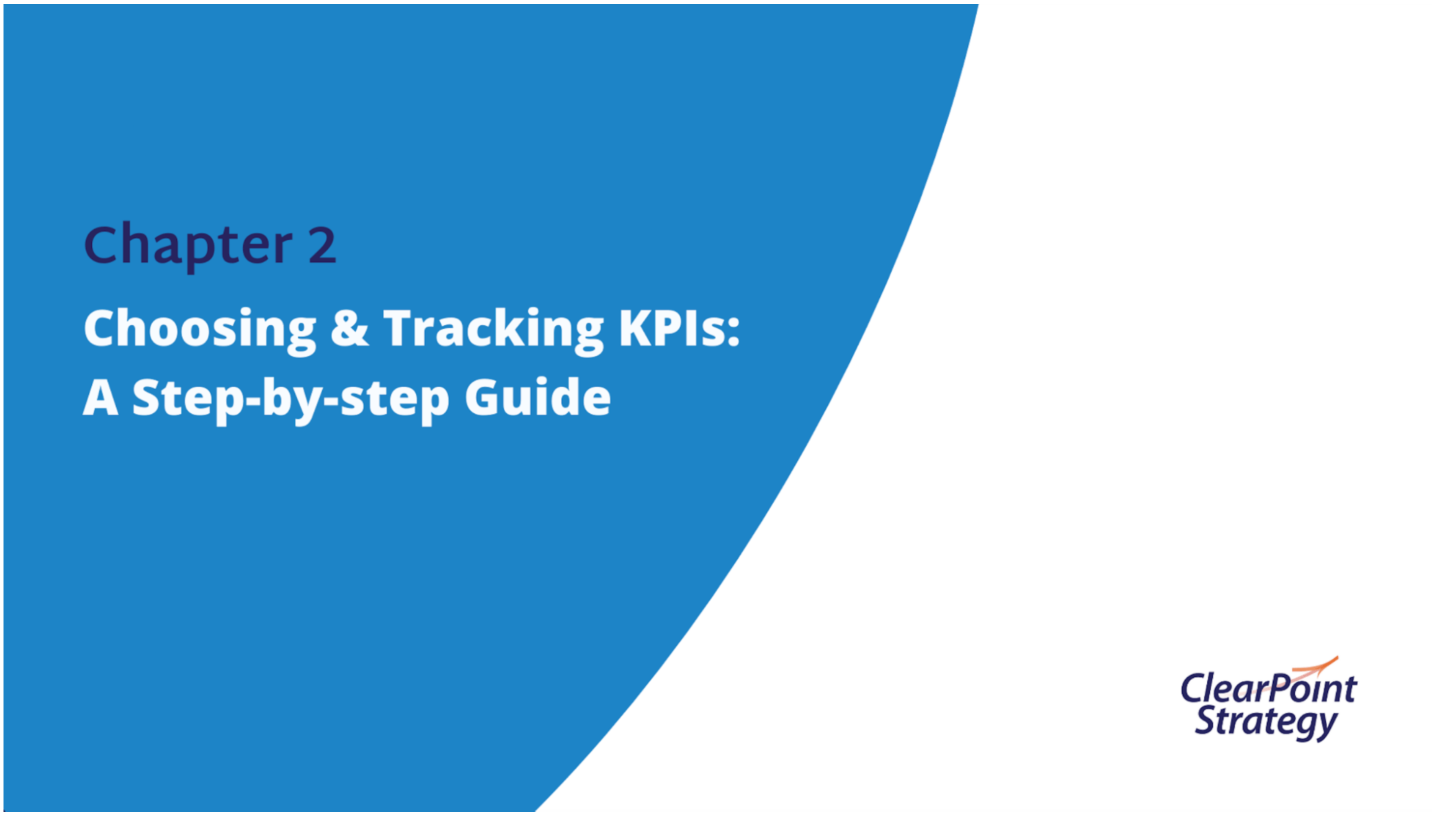
Choosing KPIs that are the *easiest* to measure. Basing your choice on simplicity rather than strategy won't, in most cases, help you accomplish anything. Assess every KPI based on its relationship to your overall goals. For example, are you measuring the number of customers you get each day because that KPI will help you achieve a strategic goal, or simply because it's easy to track?

How can you create a culture of KPI monitoring and improving?

Introducing KPIs into your work environment has the potential to create some challenges. For one thing, not everyone may fully understand them and how they are used. Put together some educational sessions to explain the concept and why KPIs are going to be important for your organization moving forward.

Also emphasize that KPIs will *not* be used as enforcement tools to control people's behavior. For instance, wWhen a customer service rep sees, for instance, a KPI metric related to average handle time, they might automatically assume that hitting the target rests on their shoulders alone—*and* that there will be negative consequences if they don't meet it. If you don't correct that impression, you'll unwittingly encourage other behaviors that will invariably work against you.

There's a huge difference between selecting the right key performance indicators (KPIs) and creating a culture of monitoring, reporting, and improvement. To help people embrace the use of KPIs and motivate them to change, you'll need to set up a performance management system that is consistent, transparent, and simple to use. (For more details about the cultural elements you need to put in place, read this article.)



Chapter 2: Choosing & Tracking KPIs: A Step-by-step Guide

It is frequently said that "What gets measured gets done," but how does the measuring itself get done? Below are the important steps to consider in effectively tracking KPIs as a part of your performance management framework.

Step 1: Choose one or two measures that directly contribute to each of your objectives.

While your organization has many moving parts that are integral to its operations and performance, it is not possible, or efficient, to track *everything* going on internally. For one thing, not all measures are important enough to track. For another, tracking too many measures creates unnecessary work that ultimately won't be useful.

Instead, choose one or two metrics for each of your objectives that will be most helpful in achieving them. Multiple metrics could apply, but only a couple of them will be impactful enough to improve performance.

For instance, say your organization has an objective to improve your employee training and development programs. You could measure the percentage of trained employees or training time, but neither of these correlate well with the real result you're looking for: developing peoples' skills to handle more advanced roles. A better measure might be a reduction in errors as a result of the training, for instance.

Not sure which metrics will improve performance? Here's a tip.

Every KPI should help measure a clearly-defined goal you're trying to achieve. But some of your measures will be *lagging* indicators (i.e. outcome KPIs) and some will be *leading* indicators (i.e. driver KPIs). Here's how you differentiate between the two:

When you *don't* know what activity will drive better results, you'll need to select an *outcome* KPI, known as a lagging indicator. For example, if you aren't sure what activities would drive higher sales at your restaurant, you may want to measure "sales" and then try different, innovative activities that could make an impact—like running off-hours promotions, offering new meal choices, etc. Once you figure out what has the biggest impact, then you could look at measuring sales during promotions or sales of new menu items.

When you *do* know what KPI will drive better results, you'll need to select a *driver* KPI, known as a leading indicator. For example, if you know that sales have slowed because you're unable to take orders more quickly, you may be able to drive people to order in advance or hire additional staff to take orders during your busiest times. These activities would drive the behavior you want.

Step 2: Make sure your measures meet the criteria for a good KPI.

In addition to making sure your chosen KPIs are true indicators of performance, they should also have some additional characteristics that will signal their effectiveness. Ask these questions about each KPI you're considering:

Can it be easily quantified?

Are we able to influence/drive change using this KPI, or is it out of our control?

Does this KPI connect to our objective as well as overall strategy?

Is it simple to define and understand?

Can it be measured in both a timely and accurate manner?

Does it contribute to a broad range of perspectives – i.e. Customer, Financial, Internal Processes, Learning and Growth?

Will it still be relevant in the future?

If you answer "no" to many of these questions, it may be a sign that the KPI either needs to be altered or replaced altogether.

Step 3: Assign responsibility for each KPI to specific individuals.

KPIs are an important tool in measuring progress, but they are more likely to be acted upon if someone is held responsible for tracking and reporting on them. An added benefit: The responsible party is also usually more inclined to *want* the measure to succeed, rather than accept underperformance. Even if all the person's responsible for is reporting on their KPI, you can bet they'd rather report good news than bad news—which motivates them even more.

You may have an analyst responsible for collecting the data. This is important, but maybe more important is having a business leader who is responsible for "reporting" on the measures. The business leader should be able to analyze the results, put the data in context, and explain whether performance is good or bad and why. The individual who is responsible for the measure will be able to influence the resources dedicated to improving the measure.

Step 4: Monitor and report on the KPIs.

Finally, it's necessary to continually review your KPIs and their performance on a monthly, quarterly, or other predefined reporting frequency. Regular monitoring makes it easy to see the time frame in which something may have underperformed or overperformed, as well as what may have happened within this period to cause the change.

To ensure the whole team is on the same page—and because many measures and goals are interconnected—it's crucial to report these findings to all relevant parties. Many organizations try to use spreadsheets to track KPIs, a method that often comes with issues like version control conflicts and calculation errors. A better (and simpler) alternative is to use performance management software, like ClearPoint, to create customizable KPI dashboards to report to different audiences. You can make one dashboard for departments working on KPIs, and another that gives a high-level overview to executive teams.

Another benefit of using ClearPoint is its ability to link your KPIs to your organizational objectives. For companies that are serious about strategy execution, the ability to link KPIs to objectives is significant because:

All your employees can see how their work impacts progress toward organizational goals. This transparency increases motivation and helps people identify opportunities for collaboration with other departments.

It's easier to evaluate whether you're using the right KPIs. When you can easily see how all the pieces of your strategy—objectives, initiatives, and KPIs—fit together, you have a clearer view of what activities are actually moving the needle in the right direction. If you see a KPI is improving but the associated objective remains unchanged, perhaps the KPI doesn't have the influence you thought it had, and it's time to go back to the drawing board.

BSC View
Upward Airlines Corporate

Categories	Objectives	Measures	Initiatives
Financial	Increase Shareholder Value (Automatic Eval)	Revenue	
		Expenses	
		Net Profit	
Customer	Frequent Reliable Departures (Automatic Eval)	Average Number of Daily departures per route	
	Comparable To Other Travel	Customer Experience Survey	Build a business class program
	Very Low Ticket Prices	Ticket price differential	
Internal Processes	Fast Ground Turnaround	Total amount of time at gate	Create new Employee Training
	Good Locations	% of population served within 25 miles	
	Direct Routes	% of tickets with direct routes	Purchase 5 new planes
	Fun Experience	# customer complaints per 1,000 tickets	
	No Elites	% of customer airline travel with us	

None of this is to say you *can't* use spreadsheets to view your KPI data, but with ClearPoint, you save time and improve the information available for decision-making.

Chapter 3

30 Key Performance Indicator Examples & Definitions

ClearPoint Strategy

Chapter 3: 30 Key Performance Indicator Examples & Definitions

We've broken down our list of KPIs into the four categories of the Balanced Scorecard: Financial, Customer, Process and People. Make sure you select a few from each category so that your strategy is well balanced across the organization.

Note that the right KPIs for you might not be the right KPIs for another organization. Make sure you've researched as many key performance indicators as you can to determine which ones are appropriate for your industry. From there, determine which KPI targets will help you further understand and meet your goals, and then integrate them throughout your department. KPIs should match your strategy, not just your industry.

Financial Metrics

Profit: This goes without saying, but it is still important to note, as this is one of the most important performance indicators out there. Don't forget to analyze both gross and net profit margin to better understand how successful your organization is at generating a high return.

Cost: Measure cost effectiveness and find the best ways to reduce and manage your costs.

LOB Revenue Vs. Target: This is a comparison between your actual revenue and your projected revenue. Charting and analyzing the discrepancies between these two numbers will help you identify how your department is performing.

Cost Of Goods Sold: By tallying all production costs for the product your company is selling, you can get a better idea of both what your product markup should look like and your actual profit margin. This information is key in determining how to outsell your competition.

Day Sales Outstanding (DSO): Take your accounts receivable and divide them by the number of total credit sales. Take that number and multiply it by the number of days in the time frame you are examining. Congratulations—you've just come up with your DSO number! The lower the number, the better your organization is doing at collecting accounts receivable. Run this formula every month, quarter, or year to see how you are improving.

Sales By Region: Through analyzing which regions are meeting sales objectives, you can provide better feedback for underperforming regions.

LOB Expenses Vs. Budget: Compare your actual overhead with your forecasted budget. Understanding where you deviated from your plan can help you create a more effective departmental budget in the future.

Cash Flow From Financing Activities: This metric demonstrates an organization's financial strength. Formula: (Cash Received from Issuing Stock or Debt) – (Cash Paid as Dividends and Reacquisition of Debt/Stock) = (Cash Flow from Financing Activities).

Average Annual Expenses To Serve One Customer: This is the average amount needed to serve one customer. Formula: (Total Expenses) / (Total Customers) = (Average Annual Expenses to Serve One Customer).

EBITDA (Earnings Before Interest, Taxes, Depreciation, & Amortization): Measures revenue after expenses are considered and interest, taxes, depreciation, and amortization are excluded. Formula: (Revenue) – (Expenses Excluding Interest, Tax, Depreciation & Amortization) = (EBITDA).

(Customer Lifetime Value) / (Customer Acquisition Cost): The ratio of customer lifetime value to customer acquisition cost should ideally be greater than one, as a customer is not profitable if the cost to acquire is greater than the profit they will bring to a company. Formula: (Net Expected Lifetime Profit from Customer) / (Cost to Acquire Customer).

[Download the full list: 68 Financial KPIs and Scorecard Measures]

Customer Metrics

Customer Lifetime Value (CLV): Minimizing cost isn't the only (or the best) way to optimize your customer acquisition. CLV helps you look at the value your organization is getting from a long-term customer relationship. Use this performance indicator to narrow down which channel helps you gain the best customers for the best price.

Customer Acquisition Cost (CAC): Divide your total acquisition costs by the number of new customers in the time frame you're examining. Voila! You have found your CAC. This is considered one of the most important metrics in e-commerce because it can help you evaluate the cost effectiveness of your marketing campaigns.

Customer Satisfaction & Retention: On the surface, this is simple: Make the customer happy and they will continue to be your customer. Many firms argue, however, that this is more for shareholder value than it is for the customers themselves. You can use multiple performance indicators to measure CSR, including customer satisfaction scores and percentage of customers repeating a purchase.

Net Promoter Score (NPS): Finding out your NPS is one of the best ways to indicate long-term company growth. To determine your NPS score, send out quarterly surveys to your customers to see how likely it is that they'll recommend your organization to someone they know. Establish a baseline with your first survey and put measures in place that will help those numbers grow quarter to quarter.

Number Of Customers: Similar to profit, this performance indicator is fairly straightforward. By determining the number of customers you've gained and lost, you can further understand whether or not you are meeting your customers' needs.

Customer Churn Rate: This metric indicates the percentage of customers that either fail to make a repeat purchase or discontinue their service during a given period. Formula: (Number of Customers Lost in a Given Period) / (Number of Customers at the Start of the Period) = (Customer Churn Rate). Make sure you look at the number of customers that should have renewed during that period.

Contact Volume By Channel: Keeping track of the number of support requests by phone and email allows you to see which method customers prefer, as well as the number of support requests month-to-month.

Percentage Of Customers Who Are "Very" Or "Extremely" Satisfied: Determining this metric opens up an opportunity for further surveying what makes happy customers so satisfied. This is also a good measure to look at over time, so keep your questions consistent on your surveys. Formula: (Customers Who Consider Themselves "Very" or "Extremely" Satisfied) / (Total Survey Respondents) = (Percentage of Customers Who Are "Very" or "Extremely" Satisfied).

Number Of New Vs. Repeat Site Visits: Allows companies to differentiate their website traffic and generate insights on prospective customers. Formula: (Website Visits by New Visitors) / (Total Website Visits) = percent of new visitors.

[Download the full list: 53 Customer KPIs and Scorecard Measures]

Process Metrics

Customer Support Tickets: Analysis of the number of new tickets, the number of resolved tickets, and resolution time will help you create the best customer service department in your industry.

Percentage Of Product Defects: Take the number of defective units and divide it by the total number of units produced in the time frame you're examining. This will give you the percentage of defective products. Clearly, the lower you can get this number, the better.

LOB Efficiency Measure: Efficiency can be measured differently in every industry. Let's use the manufacturing industry as an example. You can measure your organization's efficiency by analyzing how many units you have produced every hour, and what percentage of time your plant was up and running.

People Metrics

Employee Turnover Rate (ETR): To determine your ETR, take the number of employees who have departed the company and divide it by the average number of employees. If you have a high ETR, spend some time examining your workplace culture, employment packages, and work environment.

Percentage Of Response To Open Positions: When you have a high percentage of qualified applicants applying for your open job positions, you know you are doing a good job maximizing exposure to the right job seekers. This will lead to an increase in interviewees, as well.

Employee Satisfaction: Happy employees are going to work harder—it's as simple as that. Measuring your employee satisfaction through surveys and other metrics is vital to your departmental and organizational health.

Retirement Rate: This metric is particularly important for any organization developing a strategic workforce plan. It can be calculated by looking at the number of employees who retired as a percentage of the total headcount. If you do not have an aging workforce, turnover is a good measure as well.

Knowledge Achieved With Training: Helps the company see the effectiveness of employee training. It can be determined by creating an exam and monitoring exam pass rate percent, average score percent. If you are a larger organization, you may conduct a pre-test before training and then a post-test after training to see specifically what was learned.

Internal Promotions Vs. External Hires: This ratio measures how many people working at a company are considered for internal promotions versus the number of external hires. It can be particularly effective when looking at organizational succession planning.

Salary Competitiveness Ratio (SCR): Used to evaluate the competitiveness of compensation options. This ratio is determined by dividing the average company salary by the average salary offered by competitors or by the rest of your industry.

[Download the full list: 33 HR KPIs and Scorecard Measures]

Have more questions about selecting, managing, or tracking KPIs?

We're more than happy to help. We offer a number of KPI-related resources, including [KPI libraries] for a variety of industries.

What Are Key Performance Indicators (KPIs)?

KPIs are measures used to evaluate the success of an organization. KPIs can be quantitative or qualitative in nature. Quantitative KPIs include metrics such as sales revenue per employee, number of customers served by each call center agent, or revenue. Qualitative KPIs, on the other hand, may include customer satisfaction scores, quality ratings, or product reliability rates.

What is a SMART KPI?

Organizations often use SMART criteria to create a good KPI. A SMART KPI is: Specific, Measurable, Attainable, Relevant, Time-bound. To know if your KPI is SMART, ask yourself:

Why are key performance indicators so important?

KPIs are important, because if you don't know how you're progressing in certain areas, you don't actually know where you're going as an organization. You have no insight into if you're making progress towards your strategic goals, or if you're headed in a direction you want. KPIs act as a "pulse check" of your strategic plan.

What should I include in a KPI report?

What you include in your report depends heavily on your audience. There are, however, a few pieces of information every KPI report should include. It's important to show the linking goals of your KPIs, the KPI measure data and calculations, and visuals showcasing the data in an easy-to-digest format.

How do I pick which KPIs to track?

It's easy to convince yourself that you need to measure everything for your organization. Remember, though, that KPIs stands for key performance indicators. You want to only measure the most important and influential metrics. To best identify the right KPIs, tie your measures back to your strategic goals. Make sure they relate to what you hope to achieve in your organization.