

Example Template for Designing Key Performance Indicators

	Example 1	Example 2
Strategic Goal: Name the strategic objective (from the strategy map), which is being assessed with this indicator.	Grow Customer Satisfaction. (Customer Perspective)	Grow Our Profits. (Finance Perspective)
Audience / Access: Name the key audience for this indicator and clarify who will have access rights to it.	Board of Directors and Marketing Team.	Board of Directors and Finance Team.
Key Performance Question(s): Name the performance question(s) this indicator is helping to answer.	To what extent are our customers satisfied with our service?	To what extent are we generating bottom-line results?
How will and won't this indicator be used? Describe how the insights this indicator generates will be used and outline how this indicator will not be used.	The indicator will be used to assess and report on our customer success internally. It will not be used to assess performance of individuals or to determine bonus payments.	The indicator will be used to assess and report financial performance internally and externally. It will also be a key indicator to determine executive pay.
Indicator Name: Pick a short and clear indicator name.	Net Promoter Score.	Net Profit.
Data Collection Method: Describe how the data will be collected.	The data will be collected using a mail-based survey.	The data for the net profit metric is collected from the income statement (or the finance and accounting system).

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Assessment / Formula / Scale:

Describe how performance levels will be determined. This can be qualitative, in which case the assessment criteria need to be identified, or it can be numerical or using a scale, in which case the formula or scales with categories need to be identified.

Using a 0-10 scale (Not at all likely to extremely likely) participants answer: How likely are you to recommend us to a friend?
NPS = % of Promoters (score 9-10) – 5 of Detractors (score 0-6).

Net Profit (\$) = Sales revenue (\$) – Total Costs (\$).

Targets and Performance Thresholds:

Identification of targets, benchmarks, and thresholds for traffic lighting.

55% by the end of 2020.

\$1,250,000 by the end of 2020.

Source of Data:

Describe where the data will come from.

Survey of existing customers.

Finance and accounting system.

Data Collection Frequency:

Describe how frequently is this indicator will be collected. If possible, include a forward schedule.

Monthly data collection – sampled 10% of our customer data base.

Weekly.

Reporting Frequency:

Outline how frequently this indicator will be reported to the different audiences (if applicable).

Monthly.

Weekly.

Data Entry:

Name the person or role responsible for collecting and updating the data?

Ian Miller – Marketing Assistant.

Joe Blox (Finance Clerk).

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Expiry / Revision Date:

Identify the date until when this indicator will be valid to or when it will have to be revised.

24 months.

Target to be revised annually.

Validate your KPI

How much will it cost?:

Estimate the costs incurred by introducing and maintaining this indicator.

Costs are significant, but cheaper than a traditional customer satisfaction survey.

The costs of producing the net profit measure are low because the data is readily available.

How complete is this indicator?:

Briefly assess how well this indicator is helping to answer the associated key performance question and identify possible limitations

It provides us with a nice simple number, but the data should be supplemented with unstructured feedback about:

- What is particularly good?
- What could be improved?

Net Profit is one of a range of profitability metrics. However, on its own it will not give us the full picture and can lead to short term thinking. It will need to be seen over time and in the context of other measures such as revenue, profit margin, operating profit, return on assets and return on equity.

Possible unintended consequences:

Briefly describe how this indicator could influence the wrong behaviors or how people could cheat on this KPI. Briefly

People could possibly influence customers before they take the survey or they could select customers that are likely to respond positively.

The danger with net profit is that people could cut costs to the detriment of long-term performance but deliver positive short term results.

Extra Notes