

Fact sheet: Key performance indicators

Key Performance Indicators (KPIs) represent general performance and overall efficiency and should be measured regularly. Information from various areas of your business helps you tell how well you are tracking against your business goals.

How do you measure success? To run your business as efficiently and productively as possible, you need to measure your performance. There will be key components that you can look at to figure this out.

To identify your KPIs, ask yourself some questions. Answers to some of the questions below will seem circular or overlapping. But if you're at the beginning of working out the most important KPIs for your business, it may not always be obvious what the measures of your success are.

You don't want to settle on elements just because you can measure them. Monitoring takes time, energy and resources so it's important to pinpoint the right KPIs to tell you whether you're achieving your goals. If you haven't already articulated your goals, then it may be worthwhile to take a step back to do that.

Start by asking:

- What is important to you? Reducing debt? Improving financial performance or increasing production? What are some of your key concerns?

What's important?	Why?

- How has your business been performing? Who looks at this regularly and analyses what is being done right, what is potentially going wrong and what could be done better?

Performance	What's going right?	What could be better?	Who looks at it?	How often?

Look at the past year: what worked and what didn't?

Did you face any hardships that could have been prevented in some way?

If things didn't go according to plan, where could you make improvements?

- What do you see as some of the most important areas of your business?

What's important?	What didn't go according to plan?	Improvements

- What does success mean to you?

What's success?	How do you measure it?	How do we get there?

- What is important to you? In the short term? What about the longer term?

What's important?	Short term?	Long term?
_____	_____	_____
_____	_____	_____

- What are the elements that contribute to your businesses success?

What's important?	How does it contribute to business success?
_____	_____
_____	_____
_____	_____

- How do you measure those elements?

Contributors to success	How do you measure it?	What are you aiming for?
_____	_____	_____
_____	_____	_____
_____	_____	_____

It isn't always easy to identify the right KPIs for your business. Start with a small number that are easy to understand and easy to discuss with your team. It will help you work out what's really driving your business. Regular KPI monitoring is a powerful way to improve financial and operational results.

“The right approach to performance measurement is like gravity. It pulls our attention and action toward a centre, toward the most important things we should focus on and improve.”

[Stacey Barr](#), performance management specialist.

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