3. Why Use KPI's

When an outcome is monitored and trended with a KPI, the resulting figure tells you the process performance effectiveness. The KPI should be an accurate, honest reflection of the process efficacy in delivering the outcome. With a reliable KPI measure of performance the effect of a change made to a process, or a new strategy implemented, is then reflected in the KPI results produced. The KPI will echo if the change improved the result, did not affect the result or made the result worse.

Once the effects of a change can be monitored reliably, repeatably and accurately by KPI it is reasonable to use the KPI as a tool to improve ongoing process performance. Simply introduce the test change into the process and monitor its effect with the KPI. Keep those changes that work and discard those changes that do not produce suitable results.

A KPI can offer many perspectives on an event. It can permit intense focus and scrutiny, it can detect changed conditions, it can score performance, it can indicate a change from plan, it can detect potential problems and it can drive improvement.

Focus

A KPI can be used to closely monitor the results of actions.

When it is not certain that a result is due to a specific set of plans and actions it is useful to introduce KPI's to detect and track what is happening. KPI measures that are thought to be appropriate can be trended over a period of time, and in different situations, to see if they in-fact highlight the relevant factors that are truly important to the successful outcomes from the actions.

Change

A KPI can track the effect of making a change.

If a change is made to a process how is one to know it has been a useful change. This is when an appropriate KPI, or a series of KPI's, can be used to prove that a change has been beneficial. If

Occasionally the best in class measures are available at an industry conventions and presentations. Usually copies of white papers are made available after the presentation. Other avenues to find best-in-class benchmarks include industry magazine articles.

Depending on how serious and critical the situation is, it may be possible to head-hunt a competitor's personnel to join your organisation.

Self-Developed Data

In many cases the use of KPI's is intended to simply improve future results without reference to external parties and benchmarks. In that case you must develop KPI's which use existing data available to the organisation. If no appropriate data is present then it must be developed and new collection methods and reports must be put into place.

Frequency of Data Collection

How often do you need to see the KPI's? Your answer that question will define how much time and resources to put into developing your KPI system and its reporting requirements. As much as possible computerise the data collection and the date interrogation.

KPI's with a time component will require a collection frequency to match the time parameter – fractions of a second, seconds, minutes, hours, days, weeks, months and years. The amount of data generated for time related KPI's is proportional to the reporting frequency and needs suitable storage capacity and resources to develop the associated reports and charts.