

How Do I Create Key Performance Indicators?

Key performance indicators help you measure the performance of your business, and its ability to meet goals and expectations. Regardless of your industry, you need to establish key performance indicators (or KPIs) to understand the growth and trajectory of your business. Creating KPIs is more time intensive than it is difficult, and requires you to understand the connection between goals and results.

Creating Key Performance Indicators (KPIs)

Step 1

In order to create KPIs, you first need to establish your goals. Establishing your goals will allow you to measure your rate of success through your KPIs. Make sure to create goals for every aspect of your business, so that you can measure the overall health of your company.

Step 2

Determine the metrics needed to accomplish the company goals. This helps to establish how many new customers will be needed, which products need to be sold, how many customers need to be cross-seller, and how many customers need to be retained to reach goals.

Step 3

Your KPIs should work alongside your daily activities and should help to measure your progress in reaching your goals. If your company goal is “X” amount of revenue and you’ve generated “Y” amount of revenue, then you’re “Z”% of the way toward your goal.

Step 4

Use your KPIs to determine the amount of change that has occurred in your business since implementation. Make sure to look at the different parts of your business to see what improvements in the various business sectors could have a correlation in performance in others, and if you’re falling short of reaching your goals, then determine what you can do to get as close as possible to meeting those goals.

Step 5

After you create your KPIs, make sure that you actively use them and reference them in day-to-day activities, weekly meetings, and so on. Depending on the KPI establish clear intervals for measurement and discussion,