

The Top 5 Struggles With KPIs And Performance Measurement

We all share the same struggles with KPIs, and so there are some basic solutions that will work for all of us.

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Overview

Struggling with performance measurement and getting the right KPIs is common, the world over. What's even more interesting is that the struggles we have tend to be the same, the world over. No matter the sector, industry, culture or language, there are five KPI struggles that top the list every time.

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There are three reasons that I am confident these are the most common struggles people have with performance measurement.

Firstly, my subscribers tell me. Many thousands of people have subscribed to my email newsletter, Measure Up. And when they do, they tell me their biggest question to do with performance measurement.

Secondly, my clients tell me. Early on in my role as a performance measurement specialist I thought I needed to adapt my approach for each client, depending on their organization size, industry, culture, or their level of performance measurement maturity. But each new client would come to me with the same set of struggles, and still do.

Thirdly, my annual subscriber survey tells me. I use that survey each year to find out what people are struggling with, and the responses confirm that the same basic struggles plague just about everyone who's trying to make measurement more meaningful in their organizational business, whether they're a CEO, or a strategy manager, or a performance measurement practitioner.

Do you have these struggles to? Here's what to do about the five most common KPI and performance measurement struggles.

Struggle #1 is how to get started with performance measurement and KPIs.

Not everybody knows that measuring performance is such an important part of managing a business or organization, even in this day and age we still have a lot of businesses and organizations that don't even understand what measurement is about, and have no concept about why they would do it, or what impact it can have in their business.

Performance measurement still isn't as integrated as management accounting or even strategic and business planning are in business practices. So, there's often no successful path already laid out to follow when people in a business or organization decide, "Well, we

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should start measuring performance.” This might be you, it might be your colleagues, it might be other people that you work with, but when people come to that point where they think, “Hmm, yeah. We really need performance measures. We’ve got to have some KPIs here that are going to help us”, the obvious first question is, “Where do we start?” or “How do we get started?”

It is easy to underestimate what’s needed for good performance measurement. And when we underestimate what’s needed for good performance measurement we end up creating more struggles down the line.

The idea when you’re getting started with performance measurement is to keep it simple and focused. Get started by practicing a deliberate approach to performance measurement. Don’t get started by brainstorming 100 KPIs for the whole business, or organization. That’s going to develop for you a whole lot of other struggles you’re going to have to deal with in the future, and you’ll end up with a lot of rework, because you’ll have too many of the wrong kinds of measures, not enough of the right kinds of measures, no alignment to strategy, people won’t buy-in, it will be hard to implement those measures, all sorts of problems happen when you try to do too much too soon.

So, the idea is when you’re getting started is stay simple and focused, and this could mean choosing just one business process and starting the measurement there. It could mean choosing just one corporate or strategic goal and getting good measures established for that goal. It could mean starting with a small team, maybe the marketing team, or maybe the maintenance team, or maybe the training and recruitment team, but starting very small and focused and really treating your first performance measurement implementation as action-learning. Implement a methodology, a deliberate one, and practice applying it. Learn, reflect, tailor the methodology and then once you’ve done that first implementation you can go a little bit more broadly then, and let it grow organically.

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Struggle #2 is how to set meaningful KPIs and measures.

Often people will find they may have a lot of KPIs or measures, but they're not being used because no one really sees them as relevant or useful. That's a complete waste we want to avoid. But also this can be a struggle for people when you have no idea how to measure your goals, especially goals that seem quite intangible, or qualitative. So setting meaningful KPIs and measures really has a goal of making sure that you've got *relevant* KPIs and measures.

The idea again is to take a deliberate approach to designing and choosing your measures. Do not brainstorm. Brainstorming is not a method to come up with good measures. Even though that's what most people seem to default to. If you're brainstorming you're probably suffering those problems of not being able to come up with decent measures, measures that don't align to strategy, measures people don't have buy-in to. More often than not you come up with measures that can't be implemented.

The idea with setting meaningful KPIs and measures it start with the results that the measures should monitor and then think in terms of finding the best evidence of that result. That's the basic key, start with the result that you want the measure to monitor and then think about the measure in terms of what's going to be the best evidence of this result. That's really a very powerful key to measure design.

Struggle #3 is how to get buy-in from people to measure performance.

Usually there's a bunch of reasons why people won't use performance measures, or won't help produce the measures, or do whatever they can to manipulate the data so the measure always looks good. And these kinds of reasons include fear about what performance measures are going to mean for their personal situation. It may be their bonus, it may be

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their pay, or maybe their self-worth, or status. You know those things matter. Another reason could be that they're just cynical and tired of performance measurement failures that they've experienced time and again in the past.

Another big reason is they've got real work to do; they're too busy doing their everyday job, which is ironic really, because performance measures are about helping us do the right things each day. And, if we keep avoiding performance measurement because we've got too much to do, then it's probably a symptom that we really do need performance measurement, because we're doing too much. Usually we're doing too much because we're doing the wrong things.

You know you need buy-in before performance measurement is actually going to work the way it should. People need to be engaged in this process, and they need to see that measurement is feedback to help them improve processes. So, when you want to get buy-in from people don't push them. Don't mandate it. Don't force performance measurement into their performance agreements, or into the daily work that they've got to do, or sending them emails and demanding, "Where are the KPIs," "Come up with KPIs." Don't push. You take that push strategy and you just make the situation worse. That's all that happens.

Instead what you want to do is change the kind of dialogue that people have about performance measurement. And, that dialogue needs to explore questions about, "What does performance measurement really mean?" "Why do we measure performance?" "What benefits do we get when we measure the right things in the right way?" "What does good measurement look like?" "How does it blend into the work that we do?" "How have other people used performance measurement and what impact has it had for them?"

So having that kind of a dialogue really will help people reframe what measurement is about. And, you need to do that. You've got to start in people's minds before you start getting them doing performance measurement activities.

Once you've got them thinking differently about performance measurement the very next thing that you want to do as quickly as possible is give them a different kind of experience of measurement without personal consequence. If there's too much personal consequence the barriers go up and all those old behaviours that you don't want start coming back again, and measures fail to do what they're supposed to do. They're supposed to be tools to help

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people improve the work they do. They're not supposed to be rods for their back, to beat them up when they're not doing the job they're apparently supposed to do.

Struggle #4, how to align KPIs and performance measures to strategy.

Alignment basically means that the measures that you track, or the KPIs you track, are evidence of achieving the goals that comprise your strategy. It means that you're focusing on the measures that drive decisions and actions that help you achieve the goals that matter. It's very hard to get alignment unless you start with those goals, and that the goals you have are measurable.

Now typical goals aren't measurable. They're usually written with what we call 'weasel words', or they're written as a list of actions, not as results. So goals need to have two important qualities before they can be measurable, before you can get measures that align to strategy.

The first quality is they have to be written in plain English, not weasel words, not words like 'efficient', 'effective', 'productive', 'reliable', 'quality', 'accountable', 'engaged' 'sustainable', all those sorts of words. We love using them, but they really don't communicate much, and they have so many different potential meanings. You can't measure something that doesn't have a clear meaning, so plain English is the way to go with writing your goals.

Secondly, have your goals be results-oriented, not action-oriented. Your initiatives and strategies, the projects that you'll do to improve performance, that's where the action is. There's no point in having that unless you know the results or the end that you want to achieve, and that's what your goals should be statements of, the ends or the results that you want to achieve.

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Struggle #5 is where to find example KPIs and measures for your industry or function.

It absolutely is reality that a lot of people have no idea what to measure. Often that means they don't have a strategy or clear measurable goals. And, you can't ever find the right things to measure, unless you know the results that really matter most, which is what your strategy is supposed to articulate.

But when you want to find the right measures and you're looking for measures off the shelf, so to speak, when you just go somewhere and look at a list and pick out the measures you like be careful because you're assuming that someone else knows the answer for your business, and that's not always the case.

Warning, warning, warning! You can't go searching for KPIs unless you're clear about what the goals are that you're trying to get measures for, almost to the point where you've already got some ideas about what the potential measures would be. And, that's really what you're doing when you go searching through KPI databases, or the KPI columns in other businesses' strategic plans, you're looking for potential measures.

You can't assume that because someone else is measuring it you've got to measure it as well. Your measures are a unique expression of your strategy and your strategy is a unique expression of where your organization or business is going to go.

A set of measures are very unique to each individual business or organization. So, don't go trolling through KPI databases. Start with the results that matter most to your organization, which should be your strategy, and only after you've gotten really clear about the performance results, then you can go looking for potential KPIs, or measures, and I repeat: potential. You want to be able to get that list of potential measures and shortlist them so that you've chosen the measures that are best for you.

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About the author

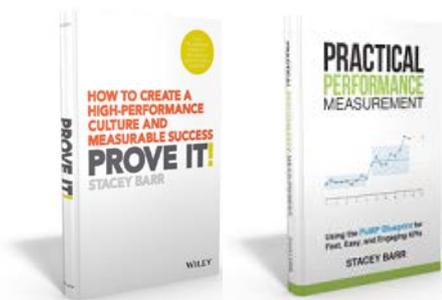
Stacey Barr

Stacey Barr is a globally recognised specialist in organisational performance measurement. She discovered that the struggles with measuring business performance are, surprisingly, universal. The biggest include hard-to-measure goals, trivial or meaningless measures, and no buy-in from people to measure and improve what matters. The root cause is a set of bad habits that have become common practice.

Stacey created PuMP®, a deliberate performance measurement methodology to replace the bad habits with techniques that make measuring performance faster, easier, engaging, and meaningful.

Stacey is author of [Practical Performance Measurement](#) and [Prove It!](#), publisher of the [Measure Up](#) blog, and her content appears on [Harvard Business Review's website](#) and in their acclaimed ManageMentor Program.

Discover more about Stacey and practical performance measurement at www.staceybarr.com.



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