



Managing to the “precious few” performance indicators

Today’s business owner has unprecedented access to the information; the challenge is knowing what to pay attention to. Multiple surveys indicate that at least half of small and medium-sized business owners fail to identify any key performance indicators (KPIs). The same surveys found that businesses that do track KPIs were at least twice as likely to achieve their goals

A Key Performance Indicator demonstrates how a company is achieving its business objectives.

Value of KPI’s

A Key Performance Indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives. The term “measurable value” is important here. “88% of customers say they would buy from us again, up from 85% last year.” The graphical capabilities of today’s cost effective tools allow small business quickly gain valuable decision making insight.

What does “key” mean?

Key depends on your business. A measurement that’s important for one business may not be relevant to another. And what’s important to your own business will change over time, as the business grows and comes across different problems and opportunities. Choosing the specific KPI’s can be challenging; all five of these customer indicators may be useful, but which one really matters to your business?

- Customer Satisfaction Survey Rating
- Customer Acquisition Costs (CAC)
- Customer Retention / Attrition rate
- Life Time Value (LTV)
- Referral Rate

Business should start off with no more than five indicators across the entire business.

Illustrative Key Performance Indicator Categories

- Customer Indicators
- Financial Indicators
- Operational Indicators
- Growth Indicators
- Supplier Indicators
- Community Impact Indicators

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KPIs will

- Serve as an early warning system when targets are in jeopardy
- Focus owner and employee attention on most important metrics
- Answer the question; “did we achieve our stated business goals?”



Decisive steps...beyond the numbers

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