



DO BUSINESS FASTER™

## Jim's Profit Accelerator 185 Why Your KPIs Are Mush

KPIs may be the most quoted lousy leadership tool in the book. They are lousy because they're used the wrong way. The concept is powerful, both for redirecting company effort and to test new initiatives, among many benefits.

Stand this checklist alongside your KPIs and see how you score. Answer yes or no.

- We have more than four KPIs for each major activity in the business.
- Our KPIs are mostly on internal processes.
- KPIs are designed by our financial team, because they're numbers people.
- KPIs are available most weeks, usually by Wednesday.
- Our KPIs are accurate.
- Our KPIs are primarily used by management.

Answer Key:

- Any "Maybe" or "Partly" or "Sometimes" is a "Yes."
- **Any** "Yes" answers mean that your KPIs are underperforming.

**SPEED BUMP:** KPI design is too vital to be left to a smart young intern.

What's a better way?

- Have three to four KPIs MAXIMUM. Three is better.
- Measure at the end of the process or at delivery to the customer. Earlier has limited impact.
- Design by the workers doing the job being measured. Use the finance folks to clear up the math and make data delivery reliable.
- KPIs are best if they track daily or weekly. Sooner is better, so that workers can see how they did and figure out how to do better.
- KPIs need to be simple, with the fewest calculations possible. Accuracy of 80 percent is okay. Your workers will believe in them when they see that responses to the KPIs improve their results. They don't care about the last decimal point. They are making product.
- KPIs are for workers, so that they can manage themselves, see ways to do better, and take pride in doing well. Remember "Autonomy, Mastery, Purpose"? KPIs are the door to all three, if they are designed and delivered to help your workers. Management can

peek, but principally to spot good results and hand out praise. Problems will become obvious (reported by your people, your quality system, your customers). Excellence is recognized less often, in spite of its reputation as a prime motivator.

There. That wasn't hard, was it?

**ACCELERANT:** NOW will you clear the mud for your people and let them see the score every day?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

A note on **SPEED BUMPS:** Use them to click quickly with an idea that can immediately be implemented in your life as a business leader. Think: "How can I use this today?" or "Who can use this?"

For more information, visit [www.grewco.com](http://www.grewco.com).

Jim Grew, the Business Defogger and Accelerator, helps leaders discover hidden opportunities within their businesses and exploit them for dramatic results. Jim has led 9 businesses, worked in 31 companies at C-level, and is an expert in strategy and executive leadership. He presents regularly to industry groups, mentors business leaders, and shares insights in his Executive Letter (above). Jim holds BA and MBA degrees from Stanford University. In his new book, *The Other Side of Succession*, he shares how to plan for the future by growing your business now.

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