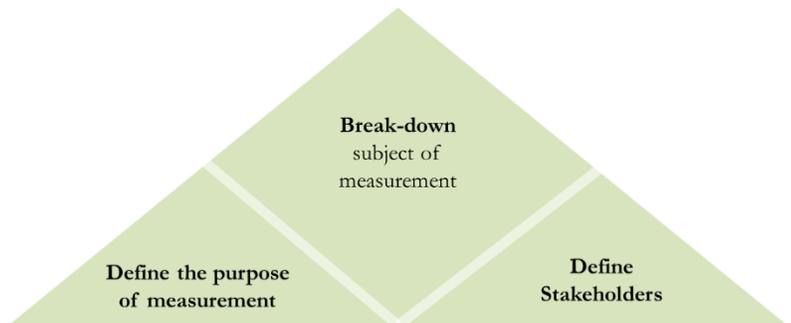


10 Steps KPI System Template Checklist

What is the subject of measurement?

What do you want to measure?

1 MEASUREMENT PRISM
Define subject, purpose, and stakeholders



Who are the stakeholders? Who has an interest?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

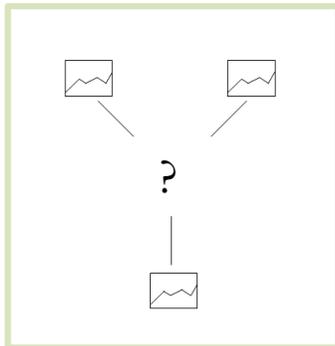
Break-down the subject of measurement into tangible parts:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

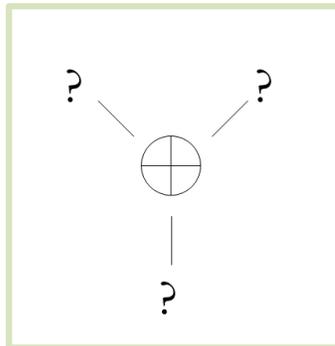
Why do we measure? How are we going to use the results of the measurement?

2 MENTAL TRAPS

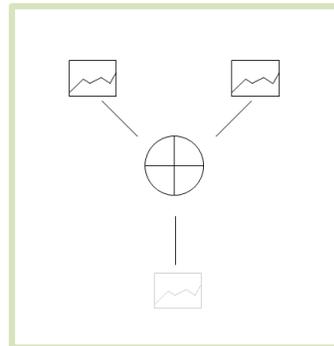
Blind spots and uncomfortable metrics.



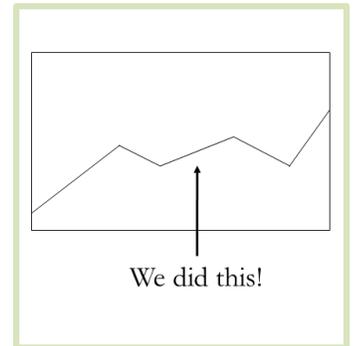
2.1 Metrics without context



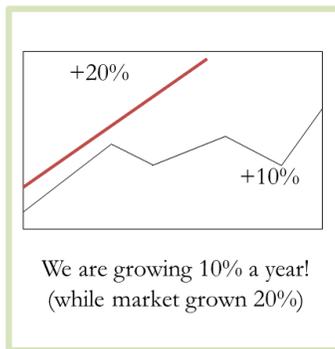
2.2 Important goals without metrics



2.3 Low-value metrics



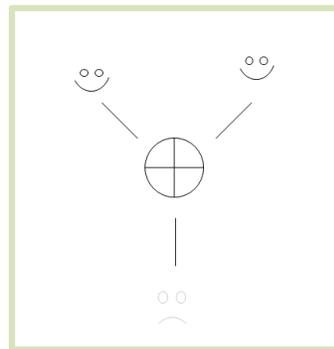
2.4 Observation error



2.5 Ignoring Trends



2.6 Survival bias



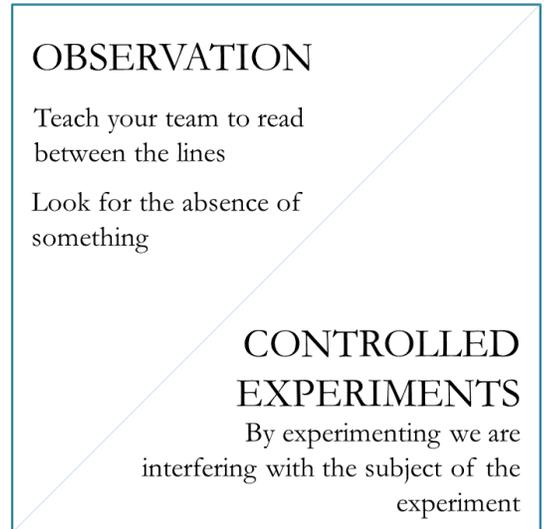
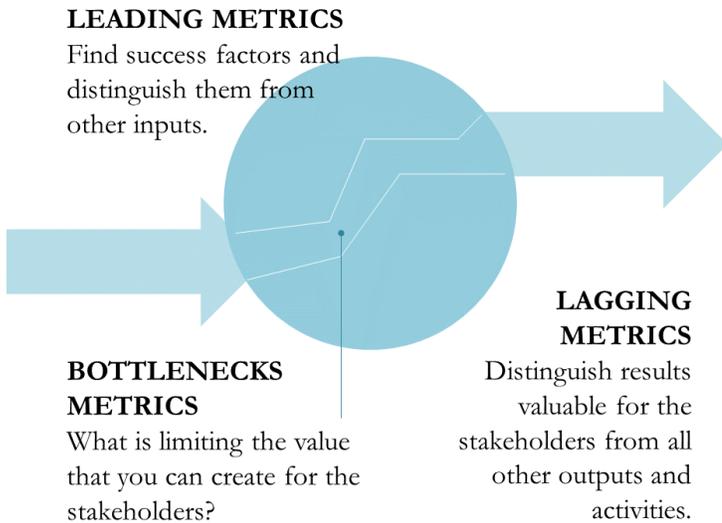
2.7 Avoiding "bad news" indicators

Checklist for the existing indicators:

- There are no metrics without context
- All important goals have metrics aligned with them
- There are no easy to measure, but low-value metrics
- We know about observation error and take it into account when analyzing the data
- We have benchmarks for our industry
- We adjusted measurement systems to learn from both - success and failures
- We have "bad news" indicators on our scorecards

3 BIRD'S-EYE LOOK
Constraints, Leading, and lagging indicators.

4 UNKNOWN
Is there something that you still cannot measure?



We have mapped the analyzed system including its inputs and outputs

The success factors and leading indicators:

1. _____
2. _____
3. _____

Performance outcomes and lagging indicators:

1. _____
2. _____
3. _____

Constraints
(what's limiting our system for 2x performance increase?):

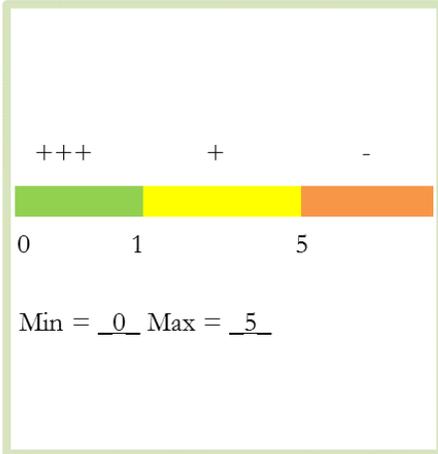
1. _____
2. _____
3. _____

Are there still some challenging indicators? Here are the experiments/observations that we plan to get more information about them:

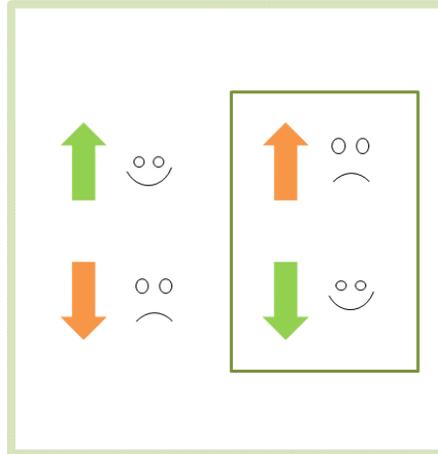
1. _____
2. _____
3. _____

5 METRIC SETUP

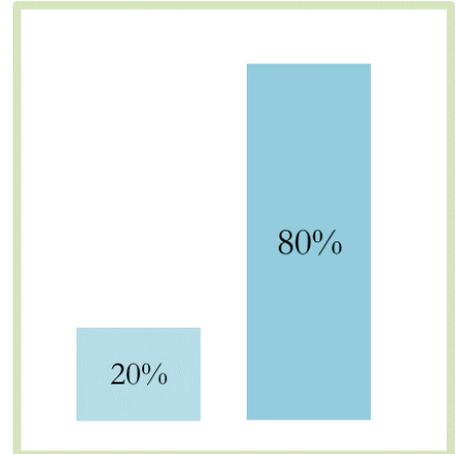
Scale, Formula, Weight.



5.1 Measurement scale



5.2 Optimization direction and performance



5.3 Weight of the indicator

For each leading and lagging indicator the following details are defined in the automation software:

- Scale of measurement
- Optimization direction and performance formula
- Relative weight

6 SORTING METRICS

How do you prioritize indicators on your scorecard?

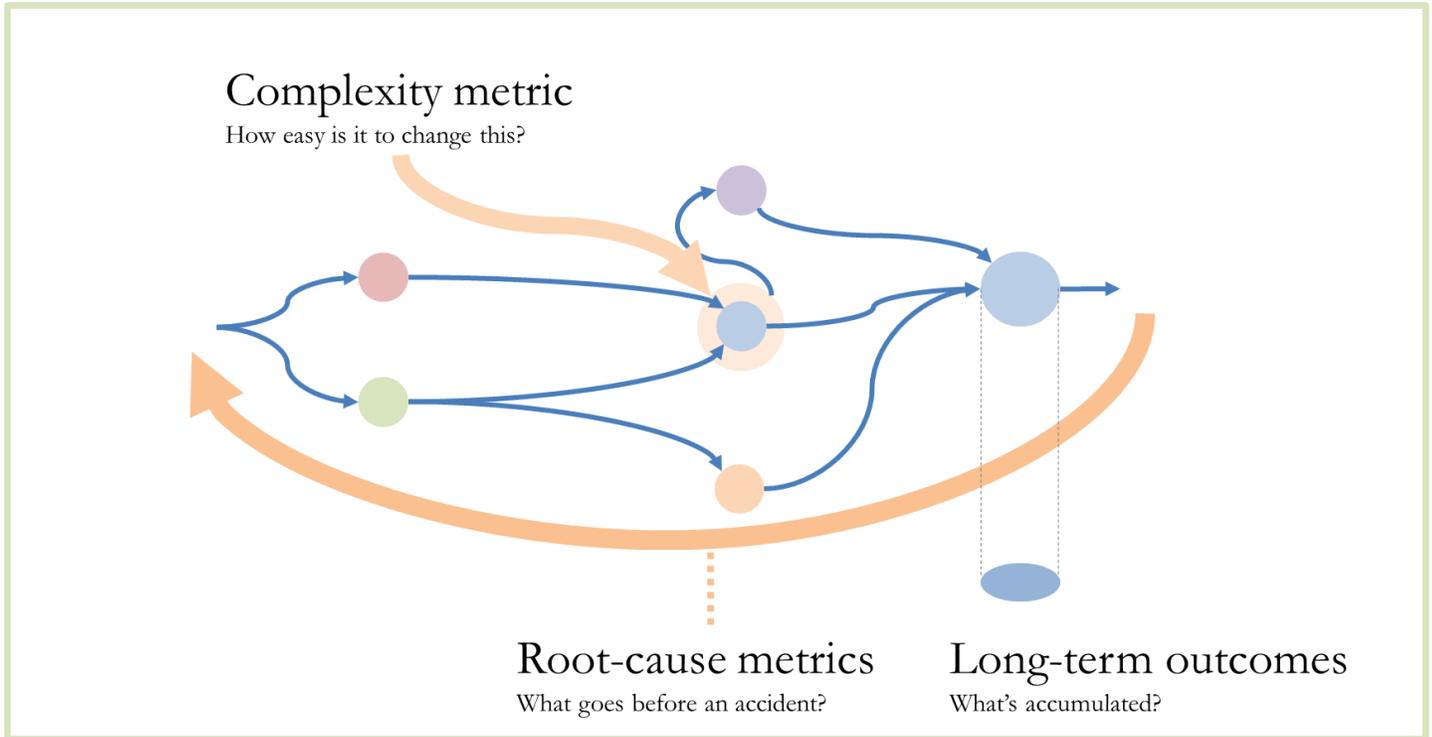
	URGENT	NOT URGENT
IMPORTANT	Operational goals and their metrics	Strategic goals and their metrics
NOT IMPORTANT	Something to outsource to the scorecard of other department	Why do you still have these goals and metrics on your scorecard?

We have both strategic (focused on change) and operational indicators (focused on the best practices), here is how we prioritize the measurement efforts:

	Urgent	Not Urgent
Important		
Not important		

7 FIND LEADING METRICS

How to find strategic (change) goals and metrics for them



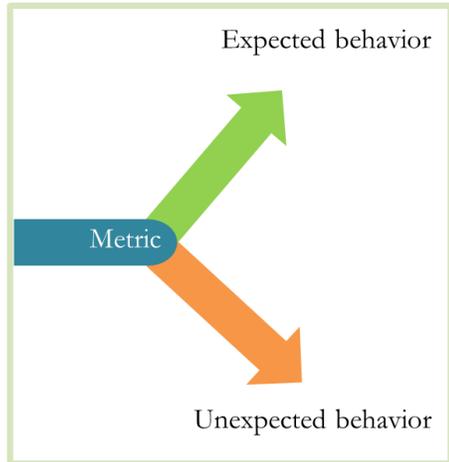
Use the checklist below to generate some insights for strategic and leading indicators:

- Do a root-cause analysis to find out what's preceding expected results
- Reducing complexity of the system might be a good strategic goal
- What outcomes are accumulated in the organization in the long-term?
- What is the value for the end-users?
- What is quality for the end users, how do they perceive it?

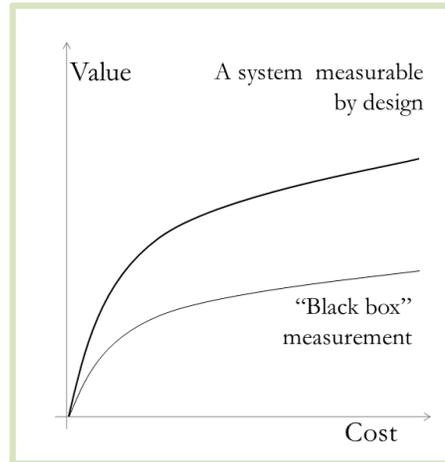
Impact checklist:

- We analyzed how the real behavior induced by the indicators is different from the expected one
- We have a pair of performance and quality indicators for the most important goals

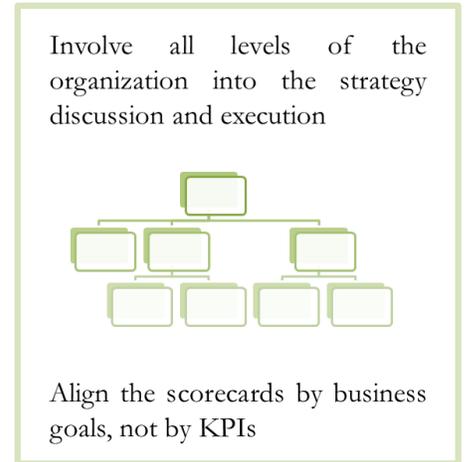
8 IMPACT
What behavior do your metrics induce?



9 COST/VALUE
How can we decrease the cost and increase the value of measurement?



10 ALIGNMENT
Creating a scorecard and strategy map for each business unit



Cost and value of measurement:

- We know the error level of measurement
- We choose the measurement tools that are relevant for the desired precision
- Measurement is incorporated into our systems, they are "measurable by design"

Software automation:

- We stopped using spreadsheets after the prototype stage
- We created strategy maps to explain the context of measurement
- With our software tool, we can align goals with metrics and action plans
- We use multi-user software that supports teamwork

Alignment

- The strategy scorecards are created for all key business units
- The scorecards from the different levels are aligned by business goals
- Some scorecards are connected by the indicators

Download the print-friendly template, and repeat the process for the most challenging KPIs.