KPIs & OKRs

MEASURING PERFORMANCE

Finding future indicators in past performance and the ultimate guide to OKRs

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As a fellow executive, you may find that your team is already quite adept at leveraging KPIs (key performance indicators). These measures are similar to school report cards; they provide a grading system to measure progress and offer feedback on the past year's performance. When used in this manner, KPIs tend to focus on past performance, and, as one tenured executive new to the process put it, they can be seen as nothing more than a collection of numerical data.

However, a well-organized set of numbers offers far more than just a retrospective performance analysis. These indicators can be a valuable and sophisticated tool for anticipating upcoming changes in your business.

What's the secret? Mapping and measurement intervals are crucial elements to consider. Allow me to explain.

Begin with a mindset focused on achieving success.

As business leaders, our ultimate objective is to ensure the survival and growth of our companies. As fellow executives, we understand the importance of garnering support from various stakeholders. When developing your measurements, it's crucial to consider all the factors that impact a business's profitability. From internal operations to external influences to investors, every point in the value chain ultimately plays a role in influencing your return on investment.

What you will receive is a series of projected figures, however, how you influence those matters. For example, when a business prioritizes the satisfaction of its employees, it naturally leads to a strong and productive partnership with suppliers. Building strong relationships with employees and suppliers is crucial for delivering exceptional customer experiences. Ensuring the happiness of your employees is crucial for ulitmatly cultivating satisfied customers. Building strong relationships with these three stakeholders (employees, suppliers & customers) is crucial for driving results and ultimately benefiting investors.

Managing your connections.

Tracking these interconnected relationships is crucial for fully unleashing the predictive ability of KPIs.

Let's review an example **first shared by Grahm Kenny in a Harvard Business Review article:** He was working with a company that operates under the ownership of a holding company. Their company specializes in producing grinding media, an essential component in the mining industry. As the grinding media are placed into barrels and set into motion, they effectively crush rock into smaller pieces. As a seasoned strategist, he assisted the executive team in developing a comprehensive set of predictive KPIs.

As a CEO, it is crucial to begin by identifying the company's key stakeholders. Four groups to consider are employees, suppliers, customers, and (in this case) the holding company. You may report to a PE firm, Family office, or founder/chairperson. Ultimately, the CEO serves at someone else's discretion who invested in the firm.

As a high-level executive, assessing the connections between the company and its key stakeholders is important. As expected, it's a mutual exchange - the company had certain expectations from its stakeholders in return for offering what they desired. Regarding employees, the company aimed to retain its staff, so key performance indicators (KPIs) were created to track employee turnover. From the perspective of one CEO to another, it was crucial to ensure that employees were compensated appropriately. To address this, a comprehensive map was created to compare the company's reward system with industry standards.

Seven key performance indicators (KPIs) were established to assess the employee relationship, encompassing safety measures and employment conditions. There were eight key performance indicators (KPIs) specifically tailored to enhance the customer relationship. There were five objectives related to the company's customer expectations, including revenue, gross margin, and market share. Additionally, three objectives focused on meeting the needs and desires of customers. These KPIs revolved around product quality and customer service.

It is evident how this would progress in the situation involving suppliers and the holding company. The scorecard included a total of 21 key performance indicators (KPIs).

Mapping your KPIs along your process.

As a CEO, it is crucial to have a clear understanding of key performance indicators (KPIs) and how they can drive the success of your business. By mapping out these KPIs, you can effectively track and measure the performance of various aspects of your company and their relationship to each other. This allows you to make informed decisions and understand the interplay between different KPIs is crucial in order to grasp their full impact on each other.

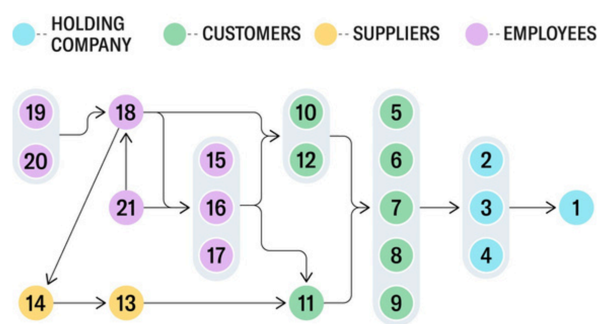
All you need is a simple whiteboard or flipchart and a trusty pen. Kenny and his team began by selecting the ultimate objective on the right-hand side. Their objective was for the holding company to allocate funds towards its subsidiary. Approaching the task methodically, they analyzed the factors that would lead to this desired result. These three key performance indicators were the driving force behind their success - profit, return on capital employed, and net cashflow.

These metrics drove the company's goals for its customers: revenue, gross margin, and market share. These metrics were determined by the needs and expectations of customers, focusing on product quality and customer service. These, in turn, were influenced by the performance indicators set for suppliers and employees.

KPI Map and Scorecard

To fully appreciate how one key performance indicator affects another it's necessary to map the relationship between KPIs themselves. On completion this cause-and-effect map clearly demonstrates how causes on the left of the diagram produce effects on the right. It also clearly shows how poor employee relations feed through the model to ultimately affect investment from the holding company. The example shown below is for a company that manufactures grinding media.

Key stakeholders and performance indicators



1	Funds, annual capital expenditure
2	Profit
3	Return on capital employed
4	Net cash flow to profit
5	Revenue, grinding media customers
6	Revenue, forge customers
7	Gross margin, grinding media customers
8	Gross margin, forge customers
9	Market share, tonnes of grinding media
10	Customer complaints regarding product quality
11	On-time deliveries
12	Rating on customer satisfaction index
13	Deliveries made in full, on time, and within specification
14	Volume variation forecast compared to actual
15	Lost time injury frequency rate
16	Incident/accident reports raised
17	Hazard reports raised
18	Employee turnover
19	Employee remuneration packages at or above external benchmark
20	Overtime hours per employee
21	Noncompliance incidents on health and safety issues

When looking at the completed cause-and-effect diagram, as shown in the graphic above, it becomes evident how the causes on the left side of the diagram lead to the effects on the right side. It also highlighted the significant impact of employee relations on investment from the holding company, showing how crucial it is for a company's success.

Viewing a KPI map that can predict the future

As in the example of the grinding, company, building your scorecard of KPIs as a cause-and-effect diagram rather then creating a standard table-style dashboard of metrics can help you and your team create a **predictive KPI performance** model. It forces you to look at the bigger picture and gain valuable insights to ensure you don't overlook a key element of success. Additionally, ensuring that you identify the measurement intervals is also crucial for success.

The measurement interval refers to the time span between readings on a Key Performance Indicator (KPI) dashboard. For example, more than an annual survey will be required to provide accurate insights into monthly employee turnover rates when evaluating employee satisfaction. Regular access to employee satisfaction results is essential for accurately predicting potential employee turnover.

As you plan your company's KPIs with your executive team, you'll need to proceed to strategically assign measurement intervals, working our way from right to left. From one executive to another, the holding company has made its decision on the annual investment amount. However, these decisions were guided by monthly profit assessments, return on capital employed, and net cash flow.

Predicting Your Corporate Future

For many executive teams, creating a scorecard of KPIs can be seen as a mundane and unexciting task. Seen from a business perspective, it certainly appears to be just a collection of numerical data. What many fail to understand are the intricacies that come with managing a set of key performance indicators.

As a CEO, it is crucial to identify your business's key stakeholders and closely monitor how one group's actions can affect another. Delving deeper and analyzing the relationship between KPIs and measurement intervals can provide valuable insights into your organization's performance.

As a fellow CEO, I understand the importance of having a scorecard that accurately reflects the potential success of your business.

The ultimate guide to OKRs

What is an OKR?

The acronym OKR stands for Objectives and Key Results, a popular goal management framework that helps companies implement and execute strategy. The benefits of the framework include a better focus on results that matter, increased transparency, and better (strategic) alignment. OKR achieves this by organizing employees and the work they do around achieving common Objectives.

An OKR consists of an **Objective**, which tells you where to go, and several **Key Results**, which are the results you need to achieve to get to your Objective. **Initiatives** are all the projects and tasks that will help you achieve your Key Results.

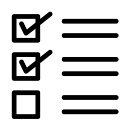
The framework includes a number of rules which help employees prioritize, align, and measure the outcome of their efforts. OKR helps companies bridge the gap between strategy and execution and move from an output- to an outcome-based approach to work.

What is an Objective?
An Objective is a description of something that you'd like to achieve in the future. An Objective sets the direction – like a destination on a map. Objectives shouldn't be technical and shouldn't contain a metric, so that everyone understands where to go.

"Where do I want to go?"
An objective describes where you want to go and sets a clear direction. Think of it as a point on a map, a destination like New York.

What is a Key Result?
A Key Result is a measurable outcome required to achieve the Objective. It contains a metric with a start and target value. Key Results measure progress towards the Objective – like a signpost that shows how close you are to your Objective.

"How do I know if I'm getting there?"
A Key Result shows you how you're progressing towards your Objective. Think of it as a signpost with a distance marker.



What is an Initiative?
Initiatives are all the projects and tasks that will help you achieve a Key Result. Imagine your organization is a car. The Objective is your destination, the Key Results show if you're heading in the right direction, and the Initiatives are what you'll do to get your car moving.

"What will I do to get there?"
An Initiative describes what you'll do to achieve your Key Results. Think of it as a description of what you'll do to get to your destination.

	Objective	Key Result	Initiative
Aligned	✓		
Ambitious		✓	
Directional	✓		
High Impact	✓	✓	
Inspirational	✓		
Measurable		✓	✓
Specific		✓	✓
Time Bound	✓	✓	✓
Understandable	✓		
Within Circle of Influence	✓	✓	
Within Control			✓

Example Objectives

- Crush the competition through acquisitions
- Be a top place to work in the U.S.
- Optimize the sales funnel to close more deals in less time
- Create a more goal-oriented culture
- Empower our support team to be more selfsufficient

Example Key Results

- Acquire 3 small players in our industry
- Reach top 10 in Fortune 100 best places to work
- Increase opportunity win rate from 12% to 20%
- 100% of employees are contributing to an OKR
- Reduce ticket escalation by 15%

Example Initiatives

- Secure budget approval from shareholders
- Hire a People & Culture Manager
- Launch a new discounting model
- Invite all employees to a KPI/ORK dashboard
- Create Q&A document for top 20 escalated issues

Benefits of OKR

Business impact Current research shows that when comparing groups of employees who used OKR against those that don't, those that used it proved much more effective at their jobs, resulting in better performance and increased sales. In fact, the group who didn't use OKR actively asked to be involved in the process in future cycles. A full rundown of the ROI of Goal Management can be found here.

Cultural benefits

The biggest impact of using OKR in most organizations without goal management already in place, is a cultural shift from output to outcomes. OKR creates focus, accountability, transparency, and alignment within an organization. The results of all this is an increase in performance and employee engagement.

Strategic Alignment

OKR helps managers and employees align all their efforts, making sure that everyone in the organization is moving in the same direction.

Focused Execution

OKR helps focus only on what's most important by prioritizing only the work that has the biggest business impact.

Engaged Employees

People achieve remarkable results when they're engaged with a purpose. OKR helps communicate the bigger picture in a way everyone understands.

Getting started

Preparing to introduce OKRs

Before you start using OKR it's important to have a clear understanding of the challenge you want it to solve, and the benefits you expect it to bring.

For most organizations, OKR solves the challenge of implementing and executing strategy in a way that's clear to all employees, transparent and measurable. For it to be successful, the implementation and management of OKR should have an owner within the organization. This person is usually called the "Ambassador". The Ambassador's role is to ensure that everyone who will be using OKR, is properly trained, engaged, and has ongoing help and guidance when they need it.

OKR is a framework, but it's also a learning process that often involves a fundamental shift in how people think about and measure the work they do, moving away from a focus on output and towards a focus on outcomes.

Appoint an OKR Ambassador to ensure that everyone who will be using OKR, is properly trained, engaged, and has ongoing help and guidance when they need it.

Finding the right OKR cadence

OKRs are usually created on 2 cadences: annual and quarterly. Company Objectives are typically set annually whereas individuals and teams set their OKRs quarterly.

Company OKRs are purely directional and therefore a longer time span makes sense. Team OKRs are tactical and therefore quarterly makes more sense: the corresponding shorter review cycles enable organizations to change direction if tactics are not driving progress towards the Company OKRs for the year.

Creating your ultimate goal

Most organizations have a mission and vision, but these are often difficult to understand and can be confused with one another. We recommend turning your mission and vision into an ultimate goal. Your ultimate goal defines what your organization is "ultimately" about. It's your North Star to which all other goals align.

Your ultimate goal should aim for a point at a considerable distance in the future; 10, 15 even 25 years is reasonable. A good example of an ultimate goal is when John F Kennedy decided that America should put a man on the moon, and coined the term "Moonshot Goal".

Having a single ultimate goal gives you the focus that your entire organization needs. For example, in 1958 NASA had 8 top-level goals including "The establishment of long-range studies of the potential benefits to be gained from, the opportunities for, and the problems involved in the utilization of aeronautical and space activities for peaceful and scientific purposes.". By 1961, thanks to Kennedy, NASA had only one ultimate goal; "Before the decade is out, land a man on the moon and return him safely to earth".

Ultimate Goal Examples

Revolutionize Personal Transportation (Tesla): Develop sustainable energy solutions and create the world's most advanced electric vehicles.

Provide Access to All Information (Google): Organize the world's information and make it universally accessible and useful.

Create a Healthier World (Johnson & Johnson): Innovate in healthcare to improve the quality of life and extend life expectancy globally.

Enable Global Communication (Facebook/Meta): Connect the world by enabling people to share and express themselves freely across the globe.

Achieve Zero Emissions (Toyota): Lead the global automotive industry in reducing carbon emissions through hybrid and electric vehicle technologies.

Empower Creativity and Innovation (Adobe): Provide tools and solutions that enable people to create, communicate, and collaborate effectively in digital media.

Transform Entertainment Experiences (Netflix): Be the world's leading entertainment streaming service by delivering exceptional content and experiences.

Build a Sustainable Future (Unilever): Double the size of the business while reducing environmental footprint and increasing positive social impact.

Enhance Human Potential (Microsoft): Empower every person and every organization on the planet to achieve more through cutting-edge technology and innovation.

Setting company OKRs

Company OKRs set the direction for the entire organization. Because company OKRs are directional, they usually have a time span of 1 to 3 years. Your company OKRs reflect the 3 or 4 things your organization decides it must achieve in the next 12 months.

It's important that everyone in your organization has a chance to give their input when you're deciding what you want to achieve in the next 12 months.

We recommend starting with an OKR workshop where all key stakeholders responsible for company strategy first ask for and then gather, input from employees on what they think top priorities should be. This input can then be then discussed in relation to existing company strategy and broken down into 3 to 5 OKRs. This can be done using post-it notes, collaborative documents, or even a whiteboard. The objective of the exercise is to come to an agreement on what the organization should have achieved by the beginning of the following year.

Setting team and individual OKRs

Team and individual OKRs express what tactics the teams and individuals will deploy and what results they will need to achieve to help the organization realize its long-term Objectives. Everyone has a busy schedule, and urgent things will constantly pop up, but whatever is reflected in your OKRs deserves priority over everything else. This is also why it's crucial to update OKRs regularly to see how you're progressing on what you've agreed is most important. That's why it's so important to always bring up your team OKRs in your weekly or bi-weekly team meetings.

OKRs give every team and individual a sense of direction and accomplishment. But they are also a reason to say "No" to things that fall outside of the scope of the OKRs. If every team creates their OKRs as if these were the only things they will be working on that quarter, it will ensure a successful OKR program whilst helping the organization realize its strategy.

Key Characteristics of Objectives

Aligned

Group Objectives should always align to the Company Objectives and support your organization's Ultimate Goal. Group Objectives should always be created once Company OKRs have been agreed upon.

High impact

Group Objectives should always be the things that, if you achieve them, will have a huge positive effect on your entire organization. Achieving Group Objectives, just like Company Objectives, should be cause for a celebration!

Time-bound

Keeping Group Objectives within a short and strict time frame, encourages focus and allows you to review them in cycles. This not only helps you quickly identify what's working and what isn't, it also allows you to change course in a new cycle if your Group Objectives are not contributing to your Company OKRs.

Key characteristics of Key Results

High impact

Group Key Results should reflect a big change, something that, if you achieve 70% to 80% of your target, the rest of your organization will notice. Make them tough. If they're easy to achieve they're not challenging enough.

Specific

Group Key Results should be focused and have a clearly defined scope. While Company Key Results cover broad metrics, Group Key Results should measure more granular progress, like sales of a specific product.

Within influence

Group Key Results should always be things you measure that you don't do, but you can influence. Writing 10 blog posts is a bad Key Result, it's something you do. Achieving 1000 views on a blog post you wrote is a good Key Result, as it's something you can't control but you can influence.

Key characteristics of Initiatives

Specific

An Initiative must always be specific. Its scope must be clearly defined, and the owner of the Initiative must know what to do. It cannot be vague like an Objective can be. An Initiative must, therefore, contain verbs which are unambiguous, such as establish, write, launch, visit, release, etc. Objectives can contain less specific verbs, such as improve, increase, and so on.

Within Control

You should have full control over your Initiatives, which means that it will be in your power to complete them. This means there should be no dependencies on something or someone else. It also means that you can be held accountable for not completing your Initiatives; it will be more difficult to hold someone accountable for not achieving his or her OKRs (as they will not have full control over the latter).

Example: Objectives

- Develop a lighter engine
- Make search more responsive
- Increase sales of non-fiction books

Example: Key Results

- Reduce fuel pump weight by 10%
- Reduce page load speed to 1 second
- Sell $1 million worth of educational books

Example: Initiatives

- Build fuel pump prototype
- Run a regular performance report
- Add 10,000 books to our online store

What are initiatives?

Initiatives describe the work required to move the needle for your Key Results. In contrast to Key Results, which clearly measure progress toward an Objective, Initiatives are just hypotheses for what work might deliver the biggest impact.

Initiatives are tasks, projects, or similar activities related to an OKR without impacting the Objective's progress. Regularly checking in with your Key Results will help you decide whether your Initiatives have delivered the desired results or not. If they haven't, you should think about changing your Initiatives.

The benefit of setting OKRs and Initiatives is that there is a clear separation between outcomes (Key Results: what did we achieve?) and outputs (Initiatives: what did we do?). You can commit to the same OKR while staying agile on an operational level by using Initiatives.

MARKETING TEAM
EXAMPLE KPI METRICS | TYPES & CHANNELS

Channel

Channel metrics can be defined as measurements of response or behavior related to marketing activity. These are easy to measure online, more difficult to measure offline.

Funnel

Funnel metrics identify the number of people at each stage of your sales process. Funnel metrics often include conversion rates which indicate percentages of people who move between stages.

Revenue

Revenue metrics can be defined as a measure of expenditure and income tied to sales or transactions. They can also include calculated metrics like gross profit or return on investment.

Website

- Visits from Organic search
- Visits from Direct sources
- Visits from Paid Ads
- Visits from Social Media
- Bounce Rate
- Total New Visitors
- Total Returning Visitors
- Total Conversion Rate

SEO

- Domain Authority
- SERP Position
- Links Gained
- Links Lost
- Crawl Errors
- Alexa Rank
- Moz Rank

Blog

- Blog Subscribers
- Blog Visits
- Blog post Shares
- Backlinks

Social Media

- X/FB/IG Followers
- X/FB/IG Shares
- LinkedIn Followers
- Youtube Subscribers
- Total Social Audience Size

Advertising

- Ad Impressions
- Ad Clicks
- Ad Quality
- Cost Per Click
- Cost Per Impression
- Cost per Conversion

PR / Events

- Press Mentions
- Press Audience Size
- Event Registrations
- Event Attendees

Email

- Email Subscribers
- Email Open Rate
- Email Click Through Rate
- Email Unsubscribes
- Email Bounce Rate

Direct Mail

- Direct Mail List Size
- Direct Mail Response Rate
- Cost Per Response

Mobile Apps

- App Store Page Views
- App Store Reviews
- App Downloads
- App Activations
- App Purchases

MARKETING TEAM
EXAMPLE OF OKRs

Objective 1: Increase Brand Awareness

- Key Result 1: Achieve a 30% increase in social media followers across all platforms.
- Key Result 2: Generate 100,000 new website visitors through organic search.
- Key Result 3: Secure 50 media mentions in industry-relevant publications.

Objective 2: Drive Lead Generation

- Key Result 1: Generate 10,000 new qualified leads from marketing campaigns.
- Key Result 2: Achieve a 20% conversion rate from lead to customer.
- Key Result 3: Increase email list subscribers by 25%.

Objective 3: Improve Customer Engagement

- Key Result 1: Increase email open rates to 35%.
- Key Result 2: Boost social media engagement rate by 15%.
- Key Result 3: Achieve a 40% increase in webinar attendance.

Objective 4: Enhance Content Marketing Efforts

- Key Result 1: Publish 4 high-quality blog posts per month.
- Key Result 2: Increase blog traffic by 50%.
- Key Result 3: Produce 2 whitepapers or eBooks per quarter.

Objective 5: Optimize Marketing ROI

- Key Result 1: Achieve a 10:1 return on marketing spend.
- Key Result 2: Reduce customer acquisition cost (CAC) by 15%.
- Key Result 3: Increase the lifetime value (LTV) of a customer by 20%.

Objective 6: Boost Product Launch Success

- Key Result 1: Generate 5,000 pre-launch sign-ups.
- Key Result 2: Achieve 100 media placements for the new product.
- Key Result 3: Reach 50,000 impressions within the first month of launch.

Objective 7: Strengthen Partnerships and Collaborations

- Key Result 1: Establish 10 new strategic partnerships.
- Key Result 2: Co-host 3 webinars with industry influencers.
- Key Result 3: Develop 5 collaborative content pieces with partners.

SALES TEAM
EXAMPLE KPI METRICS | TYPES & CHANNELS

Leads

- Total number of leads
- Number of new leads by month
- Number of uncontacted leads
- Number of contacted leads
- Number of Sales Qualified leads
- Marketing Qualified Lead to Sales Qualified Lead conversion rate

Emails

- Number of emails sent
- Number of replies recieved
- Open rate %
- Response rate %
- Average response time

Calls

- Number of calls made
- Number of call responses
- Response rate %
- Average call time

Pipeline

- Number of deals per pipeline stage
- Conversion rate per pipeline stage
- Average time to close

Deal

- Number of deals created by Month
- Sales Qualified Lead to Deal conversion rate
- Average deal value
- Average number of products / services per deal
- Total deal value per month
- Deal close rate

Revenue

- Net revenue generated per month
- Gros profit per deal
- Net revenue per product/service
- Total discounts per month
- Average discount % per deal

Sample

Service Sector

Product Sector

SALES TEAM
EXAMPLE OF OKRs

Objective 1: Increase Sales Revenue

- Key Result 1: Achieve $10 million in total sales revenue for the quarter.
- Key Result 2: Increase average deal size by 20%.
- Key Result 3: Close 50 new high-value accounts.

Objective 2: Improve Sales Conversion Rates

- Key Result 1: Increase lead-to-customer conversion rate to 15%.
- Key Result 2: Achieve a 30% conversion rate for qualified leads.
- Key Result 3: Reduce sales cycle length by 10%.

Objective 3: Expand Market Reach

- Key Result 1: Enter 3 new geographical markets.
- Key Result 2: Increase market share in the target region by 10%.
- Key Result 3: Generate 500 new leads from the new markets.

Objective 4: Enhance Customer Relationships

- Key Result 1: Increase customer retention rate to 90%.
- Key Result 2: Achieve a Net Promoter Score (NPS) of 70.
- Key Result 3: Upsell to 30% of existing customers.

Objective 5: Improve Sales Team Performance

- Key Result 1: Provide advanced sales training to 100% of the sales team.
- Key Result 2: Increase the number of closed deals per salesperson by 25%.
- Key Result 3: Reduce sales staff turnover to less than 5% annually.

Objective 6: Optimize Sales Processes

- Key Result 1: Implement a new CRM system and onboard the entire team.
- Key Result 2: Automate 50% of repetitive sales tasks.
- Key Result 3: Improve sales forecasting accuracy to 95%.

Objective 7: Increase Product Penetration

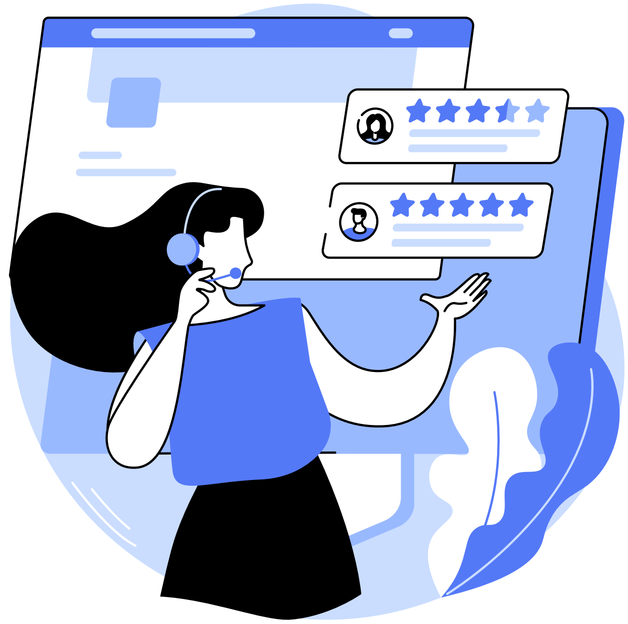
- Key Result 1: Achieve a 25% increase in sales of the flagship product.
- Key Result 2: Launch 2 new product bundles and achieve 1,000 sales.
- Key Result 3: Increase cross-selling rate by 15%.

Objective 8: Boost Lead Generation

- Key Result 1: Generate 5,000 new qualified leads per quarter.
- Key Result 2: Increase inbound lead flow by 40%.
- Key Result 3: Conduct 10 targeted lead-generation campaigns.

These OKRs should be customized to fit the specific goals and needs of the sales team and aligned with the company's overall objectives.

CUSTOMER SERVICE TEAM
EXAMPLE KPI METRICS | TYPES & CHANNELS



Customer Satisfaction

- **Customer Satisfaction Score (CSAT):** Measure of how satisfied customers are with the service received, usually through post-interaction surveys.
- **Net Promoter Score (NPS):** Gauge of customer loyalty and likelihood to recommend the company to others.

Efficiency and Productivity

- **First Call Resolution (FCR):** Percentage of customer issues resolved on the first contact.
- **Average Handling Time (AHT):** Average time taken to handle a customer interaction, including talk time, hold time, and after-call work.
- **Response Time:** Average time taken to respond to customer inquiries, particularly in channels like email, social media, or chat.

Quality and Performance

- **Quality Assurance (QA) Scores:** Evaluation of customer interactions against predefined quality criteria.
- **Customer Effort Score (CES):** Measure of how easy it is for customers to get their issues resolved.
- **Adherence to Schedule: Percentage of time agents are working according to their scheduled shifts.**

Resolution and Issue Management

- **Ticket Volume:** Number of customer service tickets received within a specific period.
- **Resolution Time:** Average time taken to resolve customer issues from the first contact to resolution.
- **Backlog of Unresolved Issues:** Number of unresolved customer service tickets or cases at any given time.

Employee Performance

- **Agent Utilization Rate:** Percentage of time agents spend on productive customer service tasks.
- **Training and Development Hours:** Number of hours agents spend in training or development activities.

Customer Retention

- **Churn Rate:** Percentage of customers who stop using the company's products or services within a given period.
- **Retention Rate:** Percentage of customers who continue to use the company's products or services over a specified period.

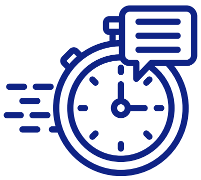
Feedback and Improvement

- **Customer Feedback Collection Rate:** Percentage of customers who provide feedback after an interaction.
- **Improvement in Key Areas:** Progress in addressing recurring customer issues or areas of improvement highlighted by customer feedback.

CUSTOMER SERVICE TEAM EXAMPLE OF OKRs

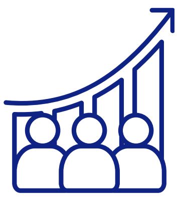
Objective 1: Enhance Customer Satisfaction

- Key Result 1: Increase Customer Satisfaction Score (CSAT) from 85% to 90%.
- Key Result 2: Achieve a Net Promoter Score (NPS) of 70 or higher.
- Key Result 3: Reduce customer complaints by 25%.



Objective 2: Improve Efficiency and Response Time

- Key Result 1: Decrease Average Handling Time (AHT) from 6 minutes to 5 minutes.
- Key Result 2: Increase the First Call Resolution (FCR) rate from 70% to 80%.
- Key Result 3: Reduce average response time for emails and chats from 24 hours to 12 hours.



Objective 3: Strengthen Team Performance and Development

- Key Result 1: Conduct monthly training sessions for 100% of the customer service team.
- Key Result 2: Improve Quality Assurance (QA) scores from an average of 85% to 95%.
- Key Result 3: Achieve an agent utilization rate of 85%.

Objective 4: Increase Issue Resolution Effectiveness

- Key Result 1: Decrease ticket backlog by 30%.
- Key Result 2: Improve average resolution time from 48 hours to 24 hours.
- Key Result 3: Implement a new ticketing system and train the entire team within 3 months.

Objective 5: Boost Customer Retention and Loyalty

- Key Result 1: Increase customer retention rate from 75% to 85%.
- Key Result 2: Reduce churn rate from 10% to 5%.
- Key Result 3: Collect feedback from 50% of customers after service interactions.

Objective 6: Enhance Customer Feedback and Insights

- Key Result 1: Increase customer feedback collection rate from 20% to 40%.
- Key Result 2: Implement a quarterly customer service survey to gather in-depth insights.
- Key Result 3: Identify and address the top 3 recurring customer issues within 6 months.

TECH TEAM
EXAMPLE KPI METRICS | TYPES & CHANNELS

System Performance and Uptime

- **System Uptime:** Percentage of time systems are operational and available.
- **Mean Time to Repair (MTTR):** Average time taken to repair a system or service after a failure.
- **Mean Time Between Failures (MTBF):** Average time between system failures.

Security and Compliance

- **Number of Security Incidents**: Count of security breaches or incidents within a specific period.
- **Compliance Rate:** Percentage of systems and processes that are compliant with regulatory standards.
- **Vulnerability Patch Time:** Average time taken to apply security patches after a vulnerability is discovered.

Help Desk and Support

- **First Response Time:** Average time taken to respond to IT support tickets.
- **First Call Resolution (FCR) Rate:** Percentage of IT support issues resolved on the first contact.
- **Ticket Resolution Time:** Average time taken to resolve IT support tickets.

Network and Infrastructure

- **Network Latency:** Average time taken for data to travel across the network.
- **Bandwidth Utilization:** Percentage of network bandwidth being used.
- **Server Utilization:** Percentage of server capacity being used.

Project Management

- **Project Completion Rate:** Percentage of IT projects completed on time and within budget.
- **Resource Utilization Rate:** Percentage of IT resources effectively utilized on projects.
- **Project Success Rate:** Percentage of IT projects that meet defined success criteria.

User Satisfaction

- **User Satisfaction Score:** Measure of user satisfaction with IT services, often gathered through surveys.
- **Net Promoter Score (NPS):** Gauge of how likely users are to recommend IT services to others.

Efficiency and Productivity

- **Automation Rate:** Percentage of processes automated within the IT department.
- **Incident Response Time:** Average time taken to respond to and resolve IT incidents.
- **Cost per Ticket:** Average cost incurred to resolve an IT support ticket.

Innovation and Development

- **New Feature Deployment:** Number of new features or functionalities deployed within a specific period.
- **System Upgrade Frequency:** Frequency of system upgrades and updates.
- **Code Deployment Frequency:** Number of code deployments or releases within a specific period.

TECH TEAM
EXAMPLE OF OKRs

Objective 1: Enhance System Reliability and Performance

- Key Result 1: Achieve 99.9% system uptime across all critical services.
- Key Result 2: Reduce Mean Time to Repair (MTTR) from 4 hours to 2 hours.
- Key Result 3: Increase Mean Time Between Failures (MTBF) by 20%.

Objective 2: Strengthen Security and Compliance

- Key Result 1: Reduce the number of security incidents by 50%.
- Key Result 2: Achieve 100% compliance with all relevant regulatory standards.
- Key Result 3: Decrease vulnerability patch time from 30 days to 7 days

Objective 3: Improve IT Support and Help Desk Efficiency

- Key Result 1: Reduce first response time for IT support tickets from 2 hours to 1 hour.
- Key Result 2: Increase First Call Resolution (FCR) rate from 70% to 85%.
- Key Result 3: Decrease average ticket resolution time from 24 hours to 12 hours.

Objective 4: Optimize Network and Infrastructure Performance

- Key Result 1: Reduce network latency by 15%.
- Key Result 2: Maintain bandwidth utilization below 80% during peak hours.
- Key Result 3: Achieve server utilization rates between 60% and 80%.

Objective 5: Drive Successful Project Management

- Key Result 1: Complete 95% of IT projects on time and within budget.
- Key Result 2: Increase resource utilization rate to 90%.
- Key Result 3: Achieve a project success rate of 85% based on predefined criteria.

Objective 6: Increase User Satisfaction and Engagement

- Key Result 1: Improve user satisfaction score from 80% to 90%.
- Key Result 2: Achieve a Net Promoter Score (NPS) of 70 or higher.
- Key Result 3: Increase the percentage of positive feedback from user surveys to 95%.

Objective 7: Enhance IT Efficiency and Automation

- Key Result 1: Automate 50% of repetitive IT processes within the next 6 months.
- Key Result 2: Reduce incident response time by 30%.
- Key Result 3: Lower cost per ticket by 20% through improved efficiency.

Objective 8: Foster Innovation and Development

- Key Result 1: Deploy 10 new features or functionalities in the next quarter.
- Key Result 2: Perform system upgrades every quarter with zero downtime.

FINANCE TEAM
EXAMPLE KPI METRICS | TYPES & CHANNELS

Financial Performance

- **Revenue Growth Rate:** The percentage increase in revenue over a specific period.
- **Net Profit Margin:** The percentage of revenue that remains as profit after all expenses have been deducted.
- **Return on Investment (ROI):** The gain or loss generated on an investment relative to its cost.

Operational Efficiency

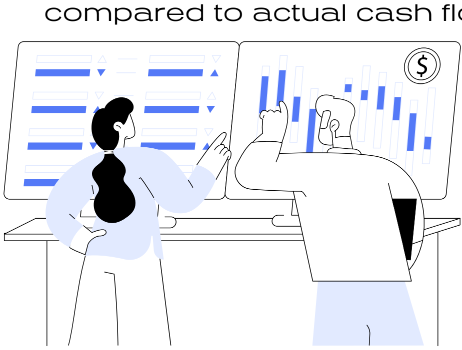
- **Operating Expense Ratio:** The percentage of revenue spent on operating expenses.
- **Accounts Receivable Turnover:** The number of times accounts receivable are collected during a period.
- **Accounts Payable Turnover:** The number of times accounts payable are paid during a period.

Liquidity and Solvency

- **Current Ratio:** The ratio of current assets to current liabilities, indicating liquidity.
- **Quick Ratio:** The ratio of liquid assets to current liabilities, indicating short-term financial health.
- **Debt-to-Equity Ratio:** The ratio of total debt to shareholders' equity, indicating financial leverage.

Budgeting and Forecasting

- **Budget Variance:** The difference between budgeted and actual figures, both in absolute terms and as a percentage.
- **Forecast Accuracy:** The accuracy of financial forecasts compared to actual performance.
- **Cash Flow Forecasting Accuracy:** The accuracy of cash flow predictions compared to actual cash flow.



Risk Management

- **Credit Risk Exposure:** The total amount of credit risk exposure from loans, receivables, and other financial instruments.
- **Interest Coverage Ratio:** The ratio of earnings before interest and taxes (EBIT) to interest expenses, indicating the ability to pay interest.
- **Value at Risk (VaR):** The potential loss in value of a portfolio over a defined period for a given confidence interval.

Compliance and Control

- **Compliance Rate:** The percentage of financial operations compliant with regulatory standards.
- **Internal Audit Findings:** The number of audit findings and their severity.
- **Fraud Detection Rate:** The percentage of fraud cases detected and addressed.

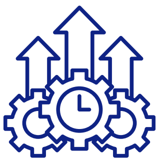
Financial Reporting

- **Timeliness of Financial Reports:** The average time taken to prepare and publish financial reports.
- **Accuracy of Financial Statements:** The percentage of financial statements free of material errors.
- **Cost per Report:** The average cost of preparing financial reports.

FINANCE TEAM
EXAMPLE OF OKRs

Objective 1: Improve Financial Performance

- Key Result 1: Increase revenue growth rate from 10% to 15% year-over-year.
- Key Result 2: Achieve a net profit margin of 20%.
- Key Result 3: Improve return on investment (ROI) from 12% to 18%.



Objective 2: Enhance Operational Efficiency

- Key Result 1: Reduce operating expense ratio from 30% to 25%.
- Key Result 2: Increase accounts receivable turnover from 6 to 8 times per year.
- Key Result 3: Decrease accounts payable turnover from 45 days to 30 days.

Objective 3: Strengthen Liquidity and Solvency

- Key Result 1: Improve current ratio from 1.5 to 2.0.
- Key Result 2: Increase quick ratio from 1.2 to 1.5.
- Key Result 3: Reduce debt-to-equity ratio from 1.0 to 0.8.

Objective 4: Enhance Budgeting and Forecasting Accuracy

- Key Result 1: Reduce budget variance from 10% to 5%.
- Key Result 2: Increase forecast accuracy from 80% to 95%.
- Key Result 3: Achieve 98% accuracy in cash flow forecasting.

Objective 5: Improve Risk Management

- Key Result 1: Reduce credit risk exposure by 15%.
- Key Result 2: Increase interest coverage ratio from 4 to 6.
- Key Result 3: Reduce value at risk (VaR) by 20%.

Objective 6: Ensure Compliance and Control

- Key Result 1: Achieve 100% compliance with all regulatory standards.
- Key Result 2: Reduce the number of internal audit findings by 50%.
- Key Result 3: Detect and address 100% of fraud cases within one month.

Objective 7: Optimize Financial Reporting

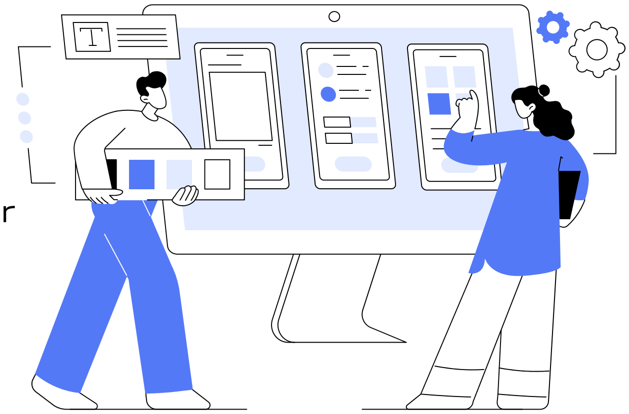
- Key Result 1: Reduce the average time to prepare financial reports from 15 days to 10 days.
- Key Result 2: Achieve 99% accuracy in financial statements.
- Key Result 3: Decrease the cost per financial report by 20%.

Objective 8: Increase Stakeholder Satisfaction

- Key Result 1: Improve investor satisfaction score from 80% to 90%.
- Key Result 2: Increase stakeholder engagement activities by 25%.
- Key Result 3: Achieve a total shareholder return of 15% over the next year.

Comparing Systems: EOS Rocks, KPIs & OKRs

EOS Rocks, KPIs, and OKRs are all strategic tools used to align team efforts, track progress, and achieve organizational goals, but they serve slightly different purposes within their respective frameworks:



Focus on Goals:

- **EOS Rocks:** In the Entrepreneurial Operating System (EOS), Rocks are the 90-day priorities that a team or individual commits to completing. They are essential tasks that contribute to the larger vision and ensure that the most critical issues are addressed promptly.
- **OKRs (Objectives and Key Results):** OKRs define specific objectives (what you want to achieve) and key results (how you will measure success). They are typically set quarterly and provide a clear framework for setting and tracking goals across the organization.
- **KPIs (Key Performance Indicators):** KPIs are measurable values that indicate how effectively a company is achieving key business objectives. They are ongoing metrics that track performance in various areas such as sales, customer satisfaction, and operational efficiency.

Implementation and Tracking:

- **EOS Rocks:** Rocks are selected during quarterly meetings and are reviewed regularly to ensure progress. They help teams maintain focus on their highest priorities and foster accountability.
- **OKRs:** OKRs are set at the beginning of a quarter and reviewed regularly (often weekly or bi-weekly) to monitor progress and make necessary adjustments. They align individual and team efforts with the organization's strategic goals.
- **KPIs:** KPIs are monitored continuously, often on a daily, weekly, or monthly basis, to provide real-time insights into performance. They help identify trends, measure success, and inform decision-making.

Outcome Orientation:

- **EOS Rocks:** Rocks are designed to address specific challenges or opportunities within a fixed timeframe, ensuring that critical initiatives are completed and driving forward the company's strategic agenda.
- **OKRs:** OKRs emphasize ambitious goal-setting and measurable outcomes, fostering a results-oriented culture that encourages teams to strive for excellence and innovation.
- **KPIs:** KPIs focus on tracking performance against established benchmarks, enabling organizations to measure progress and make data-driven decisions to improve overall effectiveness.

In summary

EOS Rocks, OKRs, and KPIs are complementary tools that help organizations set and achieve strategic goals. While Rocks provide a short-term focus on critical priorities, OKRs offer a structured approach to goal-setting and measurement, and KPIs deliver ongoing performance insights.

To implement these tools effectively and achieve optimal results, consider partnering with experts like Peak Road Partners, who can provide the guidance and support needed to drive your company's success.

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