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| 2011 Logo**Template for Designing** **Key Performance Indicators** |
| **Strategic Objective:***Name the strategic objective, which is being assessed with this KPI.* | Grow Our Profits (Finance Perspective) | Grow Customer Satisfaction (Customer Perspective) |
| **Key Performance Question(s):** *Name the question(s) this indicator is helping to answer.* | To what extent are we generating bottom-line results? | To what extent are our customers satisfied with our service? |
| **Ownership / Person Responsible***Identify of the person(s) or function(s) responsible for the measured strategic objective.* | John Finch - Finance Director | Mike Smith – VP of Marketing  |
| **Indicator Name***:* *Pick a short, clear and descriptive indicator name.* | **Net Profit** | **Net Promoter Score** |
| **Data Collection Method:** *Describe how the data will be collected* | The data for the net profit metric is collected from the income statement (or the finance and accounting system). | The data will be collected using a mail-based survey |
| * **Assessment / Formula / Scale**

*Describe how performance levels will be determined. This can be qualitative, in which case the assessment criteria need to be identified, or it can be numerical or using a scale, in which case the formula or scales with categories need to be identified.*  | Net Profit (£) = Sales revenue (£) – Total Costs (£) | Using a 0-10 scale (Not at all likely to extremely likely) participants answer: How likely are you to recommend us to a friend?NPS = % of Promoters (score 9-10) – % of Detractors (score 0-6) |
| * **Targets and Performance Thresholds**

*Identification of targets, benchmarks, and thresholds for traffic lighting.* | $1,250,000 by the end of 2012 | 55% by the end of 2012 |
| * **Source of Data**

*Describe where the data will come from.* | Finance and accounting system | Survey of existing customers |
| * **Frequency**

*Describe how frequently is this indicator will be collected. If possible, include a forward schedule.* | Monthly  | Monthly data collection – sample 10% of our customer data base |
| * **Data Entry**

*Name the person or role responsible for collecting and updating the data?* | Joe Blox [Finance Clerk] | Ian Miller [Marketing Assistant] |
| **Reporting / Notifications** |  |  |
| * **Audience / Access**

*Name the key audience for this indicator and clarify who will have access rights to it.* | Board of Directors and Finance Team | Board of Directors and Marketing Team |
| * **Reporting Frequency**

*Outline how frequently this indicator will be reported to the different audiences (if applicable).* | Monthly | Monthly  |
| * **Reporting Formats**

*Describe how the performance indicator will be presented (numerical, graphical, narrative formats). Here it is good to especially think about visual representation that makes it easy to understand and digest.* | Vertical Bar Chart – comparing actual with last year and target | Line graph – comparing actual to last period, year to date and target |
| **Expiry / Revision Date***Identify the date until when this indicator will be valid to or when it will have to be revised.* | Target to be revised annually | 12 months |
| **How much will it cost?** *Estimate the costs incurred by introducing and maintaining this indicator.* | The costs of producing the net profit measure are low because the data is readily available. | Costs are significant, but cheaper than a traditional customer satisfaction survey |
| **How good is this indicator?***Briefly assess how well this indicator is helping to answer the associated key performance question and identify possible limitations.* | Net Profit is one of a range of profitability metrics. However, on its own it will not give us the full picture and can lead to short term thinking. It will need to be seen over time and in the context of other measures such as revenue, profit margin, operating profit, return on assets and return on equity | It provides you with a nice simple number, but the data should be supplemented with unstructured feedback about:* What is particularly good?
* What could be improved?
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