

CONSULTING SOLUTIONS



AUDIT OF KEY PERFORMANCE INDICATORS (KPIs)



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“Not everything that counts can be counted, and not everything that can be counted, counts”. This saying by Einstein is the premise on which this consulting solution is based and the best way to describe the quality of the deliverable we commit to provide at the end of our intervention.

At EcoMan Training & Consulting, we have extensive experience in assessing the validity and reliability of measures, metrics and indicators used by various departments or sections in an organization. The approach we use starts with a thorough review of the organizational strategy. We then extract the Key Performance Areas (KPAs) which the organization should consider vital to its sustainability. We then examine the measures or indicators currently used by the organization by subjecting them to a quality test which includes more than 12 checkpoints. By the end of the audit, the Key Performance Indicators (KPIs) we approve will be ones which senior management can rely on for making strategic and operational decisions aimed at tangibly improving performance across all levels.



In brief, the KPI Audit process follows the 5 steps listed below:

- 1 Review of organizational vision, mission and strategic goals and extraction of Critical Success Factors (CSFs)
- 2 Sorting of CSFs into Key Performance Areas (KPAs), core competencies and core values
- 3 Gap analysis of KPAs and 1st level scan of strategic KPIs
- 4 Deep dive into existing KPIs and 2nd level audit
- 5 Finalization of KPIs followed by categorization and production of KPI indexes where applicable

THE AUDIT PROCESS - EXPLAINED

1 Review of organizational vision, mission and strategic goals and extraction of Critical Success Factors (CSFs)

In Step 1, EcoMan will focus on reviewing the organization's strategy documents and then meet with the stakeholders accountable for the organization's performance. The purpose of the review and the meetings which follow, is to determine the organizational Critical Success Factors.

2 Sorting of CSFs into Key Performance Areas (KPA), core competencies and core values

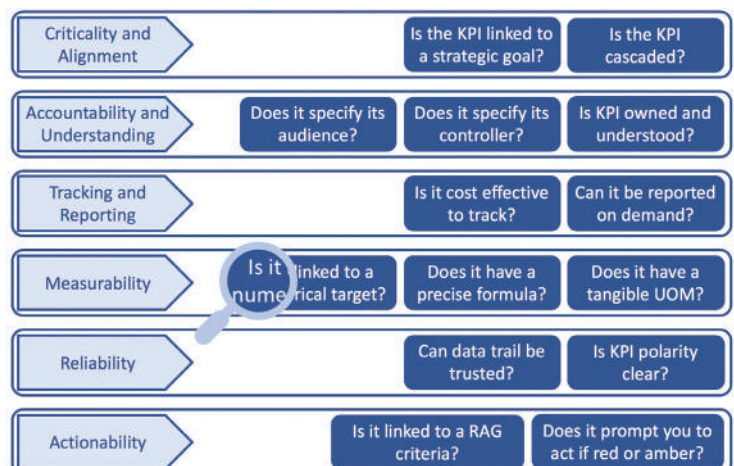
In Step 2, EcoMan will sort the CSFs into three categories, namely Key Performance Areas, core competencies and core values. The KPAs identified in this step, which ideally should not exceed 8 in number, will then be labelled the 'musts' and will form the basis and the starting point for the KPI audit.

3 Gap analysis of KPAs and 1st level scan of strategic KPIs

In Step 3, EcoMan will contrast the identified KPAs (musts) with the existing ones (actuals) and highlight the areas where there are gaps or non-conformities. This is followed by a first level scan of the existing KPIs to determine their level of criticality and alignment (with the musts).

4 Deep dive into existing KPIs and 2nd level audit

In Step 4, EcoMan will review each organizational indicator by subjecting it to a multi-point checklist (see illustration), the details of which are captured in a neatly summarized template called the ID Card (see next section). The purpose from this step is to thoroughly evaluate the robustness of each KPI against best practice criteria and to determine its reliability and validity from various perspectives. KPIs that pass the audit will be maintained and those that do not, will be highlighted so that they can either



5 Finalization of KPIs followed by categorization and production of KPI indexes where applicable

In Step 5, EcoMan will conduct a final scan of the approved KPIs, categorize them using mutually agreed upon criteria, and provide recommendations on using indexes that could simplify tracking and reporting, or help produce performance dashboards or scorecards.

THE DELIVERABLE

Each KPI that gets approved by the audit will be summarized on a KPI ID Card (see example below) which has several criteria (cells) based on international best practice. In addition to confirming the reliability and validity of each KPI, the ID Card also ensures that the approved KPI stays sustainable as long as the strategy of the organization does not witness significant changes.

KPI ID Card		
Strategic Goal	KPI Name	Performance Threshold
Intended Recipient(s)	Formula / Calculation Method	Data Capture Period Live Weekly Monthly
KPI Owner	KPI Controller	Reporting Frequency Live Weekly Monthly
Unit of Measure		Value Pattern ↗ ↔ ↘
Unintended Consequences	KPI Controls	Data Source
		Data Integrity High Marginal
		Revision/Expiry Date

IN PREPARATION FOR OUR CALL

We strongly recommend that you have as many of the following inputs ready as possible:

1. The current organizational strategy documents including the vision, mission and strategic goals OR access to the senior management team accountable for delivering the organization's results.
2. The set of KPIs (by function) with clear information about current KPI owners or controllers.

The availability of the above will expedite the process of creating a custom fit proposal for your consulting need.

CONTACT US

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