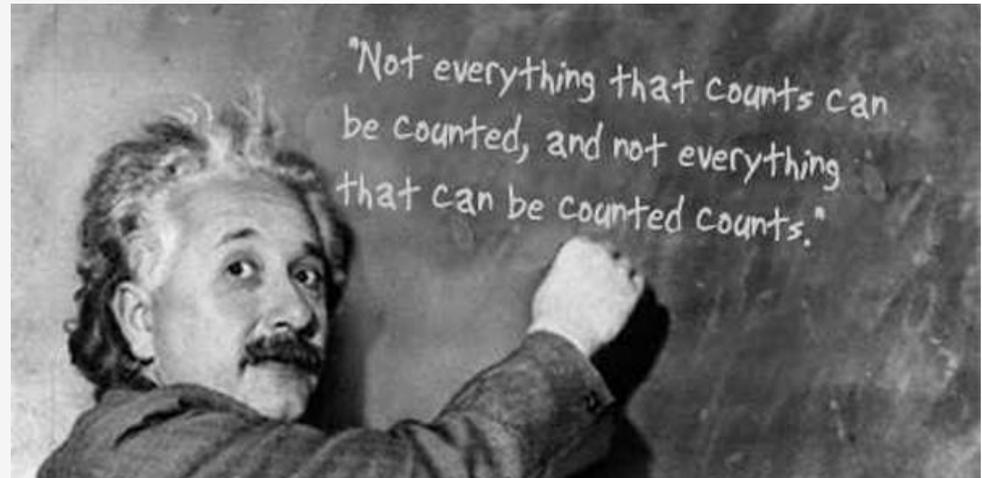




British Institute
of Technology, England

Introduction

BITE has a reputation for innovative and progressive approaches to learning that develop highly effective result in upskilling employees. We have supported over 1000 small and medium organisations in the United Kingdom. Key Performance Indicators (KPI) are an essential tool of management. It allows creativity to be embedded into the daily activity increasing productivity and motivation.



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KPI Critical Components

UK companies have to comply with the Business Review legislation. Extracts from this legislation Related to KPIs include:

1. *Business Development*
2. *Business Performance*
3. *Business Finance*

Business review: extracts from current legislation

6. The review must, to the extent necessary for an understanding of the development, performance or position of the company's business, include:
- (a) analysis using financial key performance indicators, and
 - (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.*

"Key performance indicators" means factors by reference to which the development, performance or position of the business of the company can be measured effectively.

Note: *There is an exemption from 6(b) for medium-sized companies

Source: Companies Act 2006, section 417(6)





The Key KPI's

Unique and common measure that matter across industries include:

- Capital Expenditure
- Portfolio Changes
- Expected Return
- Customer Satisfaction
- Like-for-Like Sales
- Sales SQM

“Challenge is whether the KPIs presented are those that allow the board to assess progress against stated strategies, and when reported externally, allow readers to make a similar assessment”





KPI In Context

KPI measures that focus on critical factors for today's and tomorrow's success.

1. Financial : Revenues, assets, sales, expenses, profit margin,
2. Customer : Customer service levels, close rates, retention rates, prospects
3. People: Retention, delegation, succession, recognition, training, recruitment
4. External Environment : Awards, branding, partnerships, public awareness, charities
5. Continuous Improvement : Innovation, training
6. Operations : Technology, processes



Henry Ford



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KPI Approaches

Creating performance measures that actually help your Business. The general approaches include:

1. Strategic themes
2. Critical success factors

Driven from:

1. Strategic Aims
2. Strategic Objectives
3. Progress Indicators
4. Change Indicators



Henry Ford



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KPI SMART

We use Specific, Measurable, Achievable, Relevant, Time (SMART) conditions
For successful KPI's.

- Specific** – It has to be clear what the KPI exactly measures.
- Measurable** – The KPI has to be measurable to define a standard and budget, actual value comparable to the budgeted value.
- Achievable** – The KPI has to be measurable to define a standard value for it.
- Relevant** – The KPI must give more insight in the performance of the organization in obtaining its strategy.
- Time** – It is important to express the value of the KPI in time.





KPI Reporting

We have developed the components below from our extensive knowledge and research into how companies communicate effectively with their investors.

1. Strategy
2. Risk
3. Purpose
4. Limitations
5. Targets

**“A BUSINESS IS
SIMPLY AN
IDEA
TO MAKE OTHER
PEOPLE'S LIVES
BETTER.”**

Richard Branson



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