12 Characteristics of Effective Performance Drivers

1 **Aligned**. *Key Performance Indicators (KPI's) should always be aligned with Strategic Business Objectives (SBO's) and Critical Success Factors (CSF's).*

2 **Owned**. *Every KPI is "owned" by an individual or a group on the business side accountable for its outcome.*

3 **Predictive**. *KPI's measure drivers of business value. Thus, they are leading indicators of desired performance that support value creation.*

4 **Actionable**. *KPI's are populated with timely, actionable data so users can intervene to improve performance, which is measured by Process Performance Indicators (PPI's), before it's too late.*

5 **Few in number**. *KPI's should focus users on a few high-value tasks, not scatter their attention and energy on too many things.*

6 **Easy to understand**. *KPI's should be qualifiable or quantifiable, and thereby straightforward, not based on complex indexes that users don't know how to influence directly.*

7 **Balanced and linked**. *KPI's should balance and reinforce each other, not compete and confuse. Otherwise, you will degrade process performance (PPI's).*

8 **Transformative**. *A KPI should trigger a chain reaction of continuous improvement and positive changes in the organization, especially when it is monitored by executives.*

9 **Standardized**. *KPI's must be based on value driver standard definitions, rules and calculations so they can be integrated across dashboards throughout the organization.*

10 **Context-driven**. *KPI's put performance in value management context by applying business goals and thresholds so users can gauge their progress over time.*

11 **Reinforced**. *You can magnify the impact of KPI's by attaching compensation or incentives to them. But do this cautiously and apply incentives only to well-understood and stable KPI's.*

12 **Relevant**. *KPI's gradually lose their impact over time, so they must be reviewed and refreshed with new corporate value drivers and performance drivers periodically.*