UNDERSTANDING KPIS

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Summary

This fact sheet explains what key performance indicators (KPIs) are, how they are used, and why they are helpful for evaluating any community planning process. The final goal of this guide is to provide a general understanding of this project management tool and its application in an Indigenous planning context.

Keywords: reporting back, managing the process

What are Key Performance Indicators?

Key performance indicators (KPIs) are a measurement tool that was established by the Project Management Institute (PMI), to determine how effectively a company or organization is achieving a key objective.

This tool can be used in planning work to evaluate a process by engaging the community in the planning process. The community plays an important role in setting and checking KPIs, as they can incorporate traditional knowledge to evaluate planning endeavours such as a Comprehensive Community Plan or Land Use Plan process.

By setting achievable and measurable KPIs, the entire community will be able to track and evaluate the planning process. Additionally, the community will be able to push for improvements in the planning process.

KPIs offer the opportunity for Indigenous communities to be the guardians of any planning process they are working on, as they can track, evaluate and change any aspect of the planning process. By setting clear KPIs, your community will be able to identify problems or delays in any particular aspect of the planning process[1].

Figure 1 | *Key Performance Indicators KPIs.*
Source: Parmenter, David. "Key Performance Indicators Developing Implementing and Using Winning KPIs." 2015.

Key Performance Indicators

A measurable value that shows how effectively a community is achieving key planning objectives.

Why Should a Community Create KPIs?

Any new journey is difficult to start, understand, evaluate and achieve. The same can be said for planning, as it has can require professional expertise and funding, and usually has time restrictions. These factors can make achieving your final goals difficult. Keep in mind that all planning processes open a door for communities to achieve self-determination and self-governance. This can create investment and new opportunities for current and future generations.

Figure 2 | *Planning Process & KPIs*
Source: Created by Mogollon, Felipe. "Planning Process & KPIs." 2019.

The purpose of using KPIs is to provide meaningful answers about work progress over a set period. Communities must identify the projects and goals that are most meaningful to them[2]. KPIs are a tool that can help communities identify and measure their priorities, keeping the planning process on track. KPIs will indicate how well the planning process is going and what has been achieved.

Communities can use key performance indicators during the planning process to evaluate their success at reaching targets.

KPIs are an evaluation tool that will empower the community in the planning process. KPIs act as guardians between members of the community and the planning team[3]. Through KPIs, the community will evaluate and provide new ideas that will enrich the planning process.
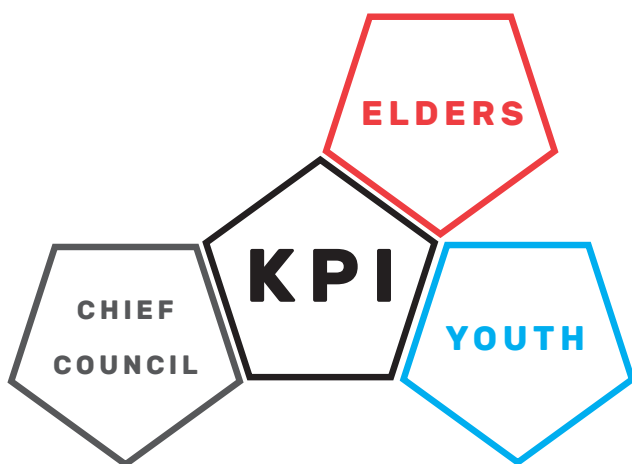

Figure 3 | *Who sets KPIs?*
Source: Created by Mogollon, Felipe. "KPI Stakeholders." 2019.

Who sets KPIs?

If the planning team wants to increase community involvement, their community could set the KPIs and monitor them. Chief and Council, Elders, and youth are also important actors, as they can be the facilitators to create and evaluate KPIs.

KPI is an excellent way to involve community members to create, control and follow up the planning process of their community.

What Are Characteristics of KPIs?

In Figure 4, the common characteristics of KPIs are outlined. Keep these 7 characteristics in mind while creating KPIs KPIs are considered a form of communication. Therefore KPIs should be clear, direct, and expressed in few words.
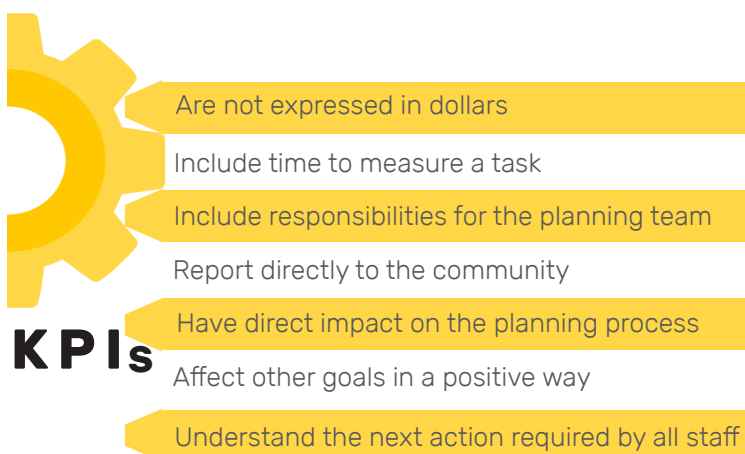

KPIs
- Are not expressed in dollars
- Include time to measure a task
- Include responsibilities for the planning team
- Report directly to the community
- Have direct impact on the planning process
- Affect other goals in a positive way
- Understand the next action required by all staff

Figure 4 | *Characteristics of KPIs.*
Source Parmenter, David. "Key Performance Indicators Developing Implementing and Using WInning KPIs." 2015.

What Makes a KPI Effective?

To create effective KPIs the community should start with a basic understanding of what a planning process is, the people and resources that are needed, community objectives and traditions that should be included, and the time frame.

To answer some of these questions, the entire community could start a process that involves an open conversation about planning in the community. The process should be cyclical over time. Community members and Chief and Council must work together to create measurable KPIs that respond to community needs and keep the planning process on track.

To create effective KPIs the community should start with a basic undertanding of a what planning process is, and what involves.

How to Create KPIs?

Keep in mind that KPIs exist to help you evaluate and achieve specific goals of the planning process. These four questions are here to help you organize your ideas to create measurable KPIs.

1 Where are we today?

2 Where will we end up?

3 Why is this process important?

4 How can we get there in a cost-effective and high-quality way?

By answering these four questions, the community will be able to realize the main goal of their project, evaluate where they are, and if necessary, make changes to achieve their goal.[4]

KPIs are a tool that can change and adapt over time. Figure 2 shows the four basic steps of any KPI.

1. Identify: The community identifies a possible KPI that could apply to the evaluation of the planning process.

2. Define: The community and the planning team agree to set a KPI on a goal that is measurable and achievable during a set period of time.

3. Work: The planning team works together with the community to achieve that goal.

4. Review: The community evaluates the goal while the planning team works on the planning process.

Figure 5 | Process of setting KPIs.
Source (Weaver, J. "What is a KPI Report & How do I create one?" KPI, November 7, 2018, https://www.clearpointstrategy.com/what-is-a-kpi-report-how-do-i-create-one. 2015.)

What Are KPIs in the Planning World?

Here are some examples of KPI topics that might be useful to consider as you create your own:

Project team morale or performance

Availability of the planning team

Customer service of the planning team

Time management of the planning team

# of people that attended a community engagement meeting

What are KPIs in an Indigenous Context?

KPIs have been used by Indigenous communities and organizations in the past. Here are two examples:

Curve Lake First Nation found that KPIs are a good way to determine if a business is successful or not. They found that by setting clear and measurable KPIs, they were able to report and monitor business success. In fact, KPIs helped them to provide a clear report to stakeholders like Chief & Council, and the Economic Development Committee. Some of the metrics they used included net profit, number of units sold, profit margin, and number of customers.[5]

The **Aboriginal Tourism Association of Canada** (ATAC) established a five year plan with four KPIs pillars to measure their overall performance. These are Development, Marketing, Partnerships, and Leadership. This plan is designed to overcome barriers and maximize opportunities. This allows ATAC to achieve its targets and establish Aboriginal tourism as a distinctive segment of Canada's tourism industry[6].

Final Thoughts

The best KPIs allow a community to feel ownership over its planning process. KPIs encourage you to reflect on the past, present, and future of planning projects. You and your community can identify your biggest goals and break them down into manageable, measurable steps. You gain control over making your dreams into reality.

Further Reading

KPI For Dummies by Bernand Marr

This book is one of the most important resources for professionals in understanding KPIs. It has easy and engaging language, that shows how to create KPIs, what to do and what to avoid, and how to evaluate KPIs.

Key Performance Indicators: Developing Implementing and Using Winning KPIs by David Parmenter

This book provides many approaches to creating KPIs, and includes tools, checklists, and examples that help the reader to understand how KPIs help organizations to create metrics that measure their performance.

Endnotes

1   Parmenter, David. "Key Performance Indicators: Developing, implementing, and using" (Hoboken, New Jersey: John Wiley & Sons, 2015), p.1.
2   Marr, B. Dummies, "Key Performance Indicator for Dummies," Dummies A Wiley Brand, Accessed November 7, 2018, https://www.dummies.com/business/business-strategy/key-performance-indicators-for-dummies-cheat-sheet/
3   Weaver, J. "What Is A KPI Report, & How Do I Create One?" Clear Point Strategy, Accessed November 7, 2018, https://www.clearpointstrategy.com/what-is-a-kpi-report-how-do-i-create-one/
4   Kerzner, Harold. "Project Management Metrics, KPIs and Dasboards - A guide to Measuring and Monitoring Project Performance" (Hoboken, New Jersey: John Wiley & Sons, 2013), p 124.
5   Curve Lake First Nation, "Economic Development Strategy," MNP Consulting and Advisory Services, Accessed January 20, 2019, https://www..curvelakefirstnation.ca/wp-content/uploads/2018/11/CLFN-Economic-Development-Strategy-2015-FINAL.pdf+&cd=1&hl=en&ct=clnk&gl=ca, p. 44.
6   Aboriginal Tourist Association of Canada (ATAC), "2017-18 Aboriginal Tourism Association of Canada Action Plan", Aboriginal Tourist Association of Canada (ATAC), Accessed January 20, 2019 https://indigenoustourism.ca/corporate/wp-content/uploads/2017/05/Overview-ATAC-2017-18-Annual-Plan-1.pdf+&cd=3&hl=en&ct=clnk&gl=ca, p. 1.