

# 5-24-20 Using KPIs in Your Business

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## SUMMARY KEYWORDS

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Hi, everyone, welcome to another episode of legendary leaders. Today we're going to focus on KPIs. Yes, KPIs key performance indicators. Now, for those of you who have been around for a while, you may know what KPIs are. And you're probably using them in your business. I consider KPIs a fundamental part of being a business owner, and a business leader. But at the same time, what I've discovered, especially working with various women throughout my career, is that it's not just women, it's everybody. Okay, so let me put that little caveat out there, not just women, men to business owners and leaders in general, we get to a certain stage in our careers. There are some of us that feel as though if we hadn't heard that term by now, or we hadn't learned that, whatever. Right, whatever that is. That we're behind. Then we haven't learned what we've needed to learn. And so maybe we're just not quite as good at being a business owner or leader as we should be. And so to make ourselves feel better, we simply avoid learning about it altogether. Now, that's probably not you, because you're listening to this podcast, which means you're focused on learning and growing and being a better business owner or leader. Right. But there are some people out there that avoid. And if you've ever avoided learning something to move your business forward, you know, you've missed out on a lot of probably business growth and business opportunities as a result. I think any of us who've ever done that have only done it once. And we've learned our lesson, right? And so let's not let KPIs and the lack of understanding what they are and how they work and what they mean, hold us back from benefiting from using them in our business. Okay. So whether you use KPIs or this is the first time that you've really heard about them, let's go through it together. Let's learn what we can do with KPIs. So what the heck is a KPI in any way? Again, I already told you. KPI stands for key performance indicator. All right, and it's something measurable in your business that tells you how effectively your business is achieving some sort of business objective. Okay? Now a basic KPI could be something like how well your sales are

performing to your plan for the month or the quarter or the year.



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Okay, so



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what percent of your sales plan are you delivering to? That tells you how effectively your business is achieving your sales objective. Okay, so you've probably been measuring KPIs this entire time. And if you didn't know what they were you, you didn't know you were even doing it but you've been doing it. Okay. So I like to think Thinking about KPIs they helped me understand success or opportunity. They helped me understand the impact of a new project or a change that I've made in the business. Right? Or they also helped me understand the value of something. Right, the value of adding that extra phone call if I'm calling a client, that the value of adding that extra email outreach, something, right, so the value of something that I've changed or added or adjusted, right, the same for impact. If I started a brand new project, I launched a new line of business, I had a launch. What is the impact of that on my business? Okay, so that's the lens that I look through personally. So what I would tell you is, like I said, You've already probably been doing this in your business, but now you're going to call them KPIs. So what do you measure? What is measurable in your business. We've already talked about some financial pieces. But no doubt, there's some customer satisfaction, customer interaction



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that that you can talk about,



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that you probably are measuring.



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If we are producing



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anything, you know, a physical product, then we're talking about production times. How long does it take each team to move that product through the process? If it's service, you could also talk about time, right? How long does it take from a customer or a client to enter into your realm of business and show interest such that then they get, you know, interacted with by the very first person that's in line relative to your business flow. Okay, so whoever that frontline person is, maybe it's a sales rep or something like that. How long does it take for from the time that the customer shows interest until the time that they're engaged by that sales rep. That's a KPI right? The fact Faster we respond to someone coming into our business universe. Okay? The faster and the more likely that that customer is going to engage back with us and appreciate our offering and and potentially vote for us with their dollars. Right. Okay. So think about those pieces think even Facebook, right? If you are running Facebook ads, and someone sends you a question on the ad, Facebook will tell you how long on average it's taking you to respond to them. And they it's either red, yellow, or green. And that's a KPI. Green is you're sitting in a good area, that's what most people would tell you is a reasonable timeframe of response. Yellow is they'll accept it, the customer will accept that timeframe, but it's not the best and red is you're disappointed Right, you're disappointing your customer with that response time. So Facebook will even give you KPIs if you're working with them. No doubt other entities that you work through will provide KPIs as well. Okay. Pretty much every industry has KPIs. You just simply need to decide what yours are, and how you're going to measure and interpret them. Okay? You have to be able to look at them and you have to personalize them. That's the other thing that I want to tell you. We've talked about, I did an episode. I don't know how many weeks ago on CPI, which was customer performance indicators. I'm not talking about that one, go back and check out that episode. But these KPIs just like cpis, though, they have to be specific to your business. You can't just go down, you know down the road to you know, various businesses or call your your friend up on the phone and say, hey, you're on business. What are your KPIs? And then just adopt all of those? I'm sure you could still shamelessly from a few of them. Some of some KPIs are basic like anything off of your p&l, right? Anything to do with the the interaction, and the service levels and the feedback that your customers providing. Those are pretty basic. But everything else should be targeted very specifically, to what your brand stands for, what your mission is, and where you want to take your company, right? What's your vision and your strategy? How are you going to get there? So your KPI should measure how effective your strategy is at moving forward and delivering on your vision



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while reflecting your mission.



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Okay,



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so keep going with me here. Hopefully, this is making sense. Hopefully you're taking some notes and thinking about the KPIs and that's what I want you to do. I want you to make a list of the KPIs that you have currently in your business now. And what are some other KPIs that you could put into place that essentially measures how well your business is performing? So what do you stand for? What do you want to achieve? What is your brand stand for? What do you stand for in the market? And then how are you measuring that to confirm that that's actually what's happening? Okay, it's like trust but verify, I trust that I'm taking care of my client within the right timeframe. And I'm responding effectively, and I'm providing them all of the feedback and the support that they need. But I have to verify that and the way that I verify that is I get feedback. And I measure certain time standards. Right? And so then it's black and white. It's not my assumption. It's factual. And when it's factual, it becomes less about the person performing the job. It becomes all about the process. being performed, and we can improve processes. Okay, we can improve processes. And that's where you want to be, but you won't know which process to improve. Or if you can afford to hire an additional person, or any of those key things about moving your business forward, you would not be able to really grasp or move forward in any of those areas without understanding what your KPIs are. So defining them



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understanding how they're measured,



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and setting a cadence of review, and then taking action off of them. Okay, so that's the other part of KPIs talked about what they are.



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talked about the fact they have to be reflective of your business.



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The next piece you have to understand is once you get KPIs established in your business and you have a cadence of review, you actually have to do the hard part and take action and fix them. And I say action is the hard part. And you'll hear me say that. It's one of the other things that I say regularly. Action is the hardest part of running a business. Because most of us, especially entrepreneurs are great at ideas. Oh, we come up with amazing ideas.



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But getting those ideas done.



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That's the hardest part. Okay? So if you can take action off of whatever the KPIs are telling you, then you're going to be sitting in a good spot. And I did. Again, I've done another episode on once you sit down and look at your metrics,



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ie, your KPIs.



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There are several things that you need to do, okay, but there's always action that has to be taken. If you're exceeding your target. You keep doing it, you figure out why and how you're exceeding it. And you keep doing that, okay? Because that's awesome. Right? If you're delivering to your target, you still figure out how you're delivering Because you want to understand how, because again, the point in both delivering to and exceeding to your target of, of your KPI is that you want to continue to replicate that behavior and that result. You need to be able to replicate it. And so the action that you take his replication, understand, learn, replicate, improve upon. Okay? Even though you're replicating, you can still try to improve upon, we can always be better when it comes to efficiencies and processes in a business. Okay. Now, the last piece, right, if you're not delivering to target, you're not exceeding, then you're underperforming. Right, that's really the last bucket that you have. And so if you're underperforming, then what you need to do there is again, you need to understand what are you doing? Because whatever you're doing isn't working. So you either need to keep what you're doing or you need to change it completely. Keep

what you're doing and add to it rather or change it. But either way, that's the action. What are you doing? And what do you need to do differently? Right. So, check out that podcast, it goes into a bit more detail. But that's the action you have to take around KPIs and that's why KPIs are so important. So if you've got away from understanding what a KPI is, if you've you know, held back on establishing KPIs and your business just because it just, it didn't feel good to you or you didn't feel like you were quite ready, or whatever version, maybe you have, or maybe you have KPIs, but you just haven't spent time diving into them. I'm gonna challenge you. That's your challenge for today. Understand what measures you already have established the ones that you need to have. Create a cadence of review. And then once you review do the hard work of taking action to either replicate and further improve those results, or do something different in order to improve the results. All right? That's KPIs. Go apply it in your business. take your business to the next level. I promise it's very simple, but it does work. Build the routine around it. And as always, go and be legendary.