The 75 management kpis every manager should know to build business performance

Description

Here's a list of the 75 Key Performance Indicators (or management KPIs) as detailed by Bernard Marr in his book "Key Performance Indicators: The 75 Measures Every Manager Needs to Know".

The list of 75 Key Performance Indicators (KPIs) from Bernard Marr's book is essential for various professionals. Managers and executives use these KPIs to track and enhance organizational performance and achieve strategic goals.

Business analysts rely on them to assess and analyze key business metrics. Project managers utilize these indicators to measure project progress and success, while financial analysts use them to evaluate financial performance and health. Additionally, operational teams benefit from these KPIs to monitor and optimize operational efficiency and productivity.

Five benefits of using Key Performance Indicators (KPIs):

1. **Improved Decision-Making:** KPIs provide clear, quantifiable data that helps in making informed and strategic business decisions.
2. **Performance Tracking:** Enables ongoing monitoring of progress towards goals, helping to identify areas for improvement.
3. **Goal Alignment:** Ensures that individual and team objectives align with overall business goals, promoting cohesive efforts.
4. **Accountability:** Establishes clear performance expectations and benchmarks, holding teams and individuals accountable for results.
5. **Strategic Focus:** Helps prioritize activities and resources towards key areas that drive business success and growth.

These KPIs are categorized into different areas of business performance:

Financial Performance KPIs:

1. **Net Profit** – The total revenue minus total expenses.
2. **Gross Profit** – Revenue minus the cost of goods sold (COGS).
3. **Operating Profit** – Earnings before interest and taxes (EBIT).
4. **EBITDA** – Earnings before interest, tax, depreciation, and amortization.
5. **Revenue Growth Rate** – The rate at which revenue increases over a period.
6. **Cost of Goods Sold (COGS)** – The direct cost of producing goods sold by a company.
7. **Operating Expense Ratio (OER)** – Operating expenses divided by net sales.
8. **Return on Investment (ROI)** – Measures the profitability of an investment.
9. **Economic Value Added (EVA)** – The value created above the required return of the company's investors.
10. **Return on Equity (ROE)** – Net income divided by shareholders' equity.
11. **Return on Assets (ROA)** – Net income divided by total assets.
12. **Cash Flow** – The total amount of money being transferred into and out of a business.
13. **Working Capital** – The capital available for day-to-day operations.
14. **Current Ratio** – Current assets divided by current liabilities.
15. **Quick Ratio** – Measures the ability to meet short-term obligations.
16. **Debt to Equity Ratio** – The ratio of total liabilities to shareholders' equity.
17. **Gross Profit Margin** – Gross profit divided by net sales.
18. **Net Profit Margin** – Net income divided by net sales.
19. **Operating Profit Margin** – Operating income divided by net sales.
20. **Break-even Point** – The sales level at which total revenue equals total expenses.

Customer KPIs:

21. **Customer Satisfaction (CSAT)** – Measures customer satisfaction with products or services.
22. **Net Promoter Score (NPS)** – Measures customer loyalty by asking how likely they are to recommend your business.
23. **Customer Retention Rate** – The percentage of customers that return to the company.
24. **Customer Lifetime Value (CLV)** – The projected revenue from a customer over the entire relationship.
25. **Customer Acquisition Cost (CAC)** – The cost of acquiring a new customer.
26. **Customer Churn Rate** – The rate at which customers stop doing business with the company.
27. **Customer Complaints** – Number of complaints received from customers.
28. **On-Time Delivery** – The percentage of orders delivered on or before the promised date.
29. **Lead Time** – The amount of time taken to fulfill a customer order.

Operational KPIs:

30. **Efficiency Ratio** – A measure of how efficiently a company uses its resources.
31. **Order Fulfillment Cycle Time** – The time it takes from receiving an order to delivering

it.

32. **Inventory Turnover** – The number of times inventory is sold and replaced over a period.
33. **Capacity Utilization** – The percentage of total capacity being used.
34. **Process Downtime Level** – The amount of time production is halted due to equipment failure or other reasons.
35. **First-Pass Yield** – The percentage of products manufactured correctly the first time without rework.
36. **Overall Equipment Effectiveness (OEE)** – A measure of how well manufacturing operations are performing.
37. **Scrap Rate** – The percentage of products discarded due to defects.
38. **Six Sigma Level** – Measures defects per million opportunities.

Employee Performance KPIs:

39. **Employee Satisfaction Index** – Measures employee happiness and satisfaction.
40. **Employee Turnover Rate** – The rate at which employees leave a company.
41. **Absenteeism Rate** – The percentage of time employees are absent from work.
42. **Training Return on Investment (ROI)** – The financial return on employee training and development.
43. **Employee Productivity** – The output per employee over a period.
44. **Salary Competitiveness Ratio (SCR)** – Compares employee salaries to industry averages.
45. **Time to Hire** – The time taken to fill a job vacancy.
46. **Cost per Hire** – The cost involved in hiring a new employee.
47. **Employee Engagement** – The level of commitment and involvement an employee has towards their organization.
48. **Revenue per Employee** – Total revenue divided by the number of employees.
49. **Human Capital Value Added (HCVA)** – Measures the financial value an employee adds to the organization.

Marketing KPIs:

50. **Conversion Rate** – The percentage of website visitors who take a desired action, such as making a purchase.
51. **Return on Marketing Investment (ROMI)** – The return generated by marketing activities.
52. **Cost per Lead** – The average cost of acquiring a potential customer lead.
53. **Social Media Engagement** – Measures interactions such as likes, shares, and comments on social media.
54. **Website Traffic** – The number of visitors to the company's website.
55. **Bounce Rate** – The percentage of visitors who leave the website after viewing only one page.
56. **Search Engine Ranking** – The position of the website in search engine results.
57. **Brand Awareness** – The level of consumer recognition of the brand.

Sales KPIs:

58. **Sales Growth Rate** – The percentage increase in sales over a period.
59. **Sales Conversion Rate** – The percentage of leads that are converted into customers.
60. **Sales per Rep** – The amount of revenue generated by each salesperson.
61. **Average Transaction Value (ATV)** – The average dollar amount of each transaction.
62. **Sales per Region** – Measures sales performance by geographical area.
63. **Sales Target** – The goal set for sales over a period.

Project Management KPIs:

64. **Project Success Rate** – The percentage of projects completed on time, within budget, and to the required quality.
65. **Cost Variance (CV)** – The difference between the actual and planned costs of a project.
66. **Schedule Variance (SV)** – The difference between the actual and planned project timeline.
67. **Time to Market** – The time it takes to develop a new product or service and bring it to market.
68. **Resource Utilization** – How efficiently resources are used in a project.

IT and Technology KPIs:

69. **System Downtime** – The amount of time a system or service is unavailable.
70. **Number of Bugs** – The number of software bugs or errors in the system.
71. **IT ROI** – The return on investment for IT projects and systems.
72. **Average Resolution Time** – The average time taken to resolve IT issues.
73. **System Response Time** – The time it takes for a system to respond to a user's request.

Environmental and Social KPIs:

74. **Carbon Footprint** – The total amount of greenhouse gases produced to support business activities.
75. **Energy Consumption** – The amount of energy used by the organization.

These KPIs provide a comprehensive framework for tracking and improving performance across various areas of business.

Top 5 common problems associated with using Key Performance Indicators (KPIs):

- Data Overload: Managing and interpreting a large volume of data can be overwhelming and lead to analysis paralysis.
- Misalignment with Goals: KPIs may not always align with strategic objectives, leading

to misleading insights and wasted efforts.
- Inaccurate Data: Poor data quality or inaccuracies can lead to unreliable KPIs and misguided decision-making.
- Lack of Context: KPIs without context can be misleading, as they may not reflect the full picture of performance.
- Resistance to Change: Teams may resist new KPI systems or processes, impacting their effectiveness and adoption.

To set effective Key Performance Indicators (KPIs), follow these steps:

1. **Define Clear Objectives:** Identify specific business goals or outcomes you want to achieve. Ensure they are aligned with overall strategic objectives.
2. **Choose Relevant KPIs:** Select KPIs that directly measure progress towards these objectives. Ensure they are relevant to the area you are evaluating.
3. **Ensure KPIs are SMART:** Make sure KPIs are Specific, Measurable, Achievable, Relevant, and Time-bound to ensure clarity and focus.
4. **Gather Baseline Data:** Establish current performance levels to set benchmarks and measure future progress accurately.
5. **Set Targets:** Define realistic and challenging targets for each KPI to motivate performance and provide clear goals.
6. **Communicate KPIs:** Ensure all relevant stakeholders understand the KPIs, their importance, and how they impact overall goals.
7. **Monitor and Review:** Regularly track KPI performance and review results to make necessary adjustments and improvements.

Now, go ahead and create your business metrics deck. Once it’s ready, you’ll have a solid framework to optimize your business, improve decision-making, prioritize tasks, and develop impressive business intelligence presentations.

Facts

Here are 5 key facts about “The 75 Measures Every Manager Should Know to Build Business Performance” — based on widely accepted performance management principles and the book “Key Performance Indicators: The 75 Measures Every Manager Needs to Know” by Bernard Marr:

1. KPIs Must Align with Strategy

Effective performance measures are directly tied to the company’s strategic goals. Misaligned KPIs can drive the wrong behavior and waste resources.
Reference: Marr, B. Key Performance Indicators: The 75 Measures Every Manager Needs to Know, Pearson, 2012.

2. Not All Measures Are Financial

Many critical KPIs are non-financial—like customer satisfaction, employee engagement, or

innovation rate. These are often leading indicators of future performance.
Reference: Harvard Business Review, “A Refresher on Key Performance Indicators (KPIs)”

3. KPIs Should Be Actionable and Measurable

Good KPIs offer clear, quantifiable insight that managers can act on. Vague or overly complex measures don’t lead to effective decision-making.
Reference: Bernard Marr & Co., “What Makes a Good KPI?”

4. Too Many KPIs Can Be Counterproductive

Trying to track too many indicators dilutes focus. Most organizations benefit from prioritizing a small set of relevant KPIs—typically 10–15 per department.
Reference: Balanced Scorecard Institute, “Choosing the Right KPIs”

5. KPIs Evolve with the Business

The right performance indicators today might be outdated tomorrow. Regular review and refinement of KPIs is essential as the business and market environment change.
Reference: Forbes, “How To Keep Your KPIs Relevant”

FAQ

How do I choose the right KPIs from the 75 listed?

Focus on the KPIs that align directly with your strategic goals and department responsibilities. Not every metric applies to every business—select the ones that drive action and reflect your key success factors.

Can non-financial KPIs really impact business performance?

Yes, non-financial KPIs such as employee engagement, customer satisfaction, and innovation rate often act as early warning signs or drivers of long-term financial success. They help managers take proactive action before financial issues arise.

How often should I review or update the KPIs?

KPIs should be reviewed regularly—quarterly or semi-annually is common. As business priorities or market conditions change, your performance measures should evolve to stay relevant and effective.

And now go start to build your kpi deck!

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