

# How to Build KPIs

## That Actually Drive Revenue



# How to Build KPIs That Actually Drive Revenue

---

**Page 3:**  
How to build KPIs that Actually Drive Revenue

**Page 4:**  
What is a KPI?

**Page 5:**  
Building Your KPIs: How You've Always Done It

**Page 6:**  
Building Your KPIs: Move the Needle Metrics

---



Fast. Accurate. Anywhere.





## How to build KPIs that Actually Drive Revenue

---

Key Performance Indicators (KPIs) are one of the most over-used and little understood terms in business development and management. They are too often taken to mean any metric or data used to measure business performance.

The role KPIs play can be much bigger and more important. In fact, KPIs are one of the most important guideposts for any business. Every business should have them.

---

# What is a KPI?

---

If you google “What is a KPI?” you’ll find pages and pages of definitions that all say some form of the same thing.

## Here’s our favorite definition:

A Key Performance Indicator, or KPI, are an actionable scorecard that keeps your strategy on track. They enable you to manage, control and achieve desired business results.

## Here’s why we like it:

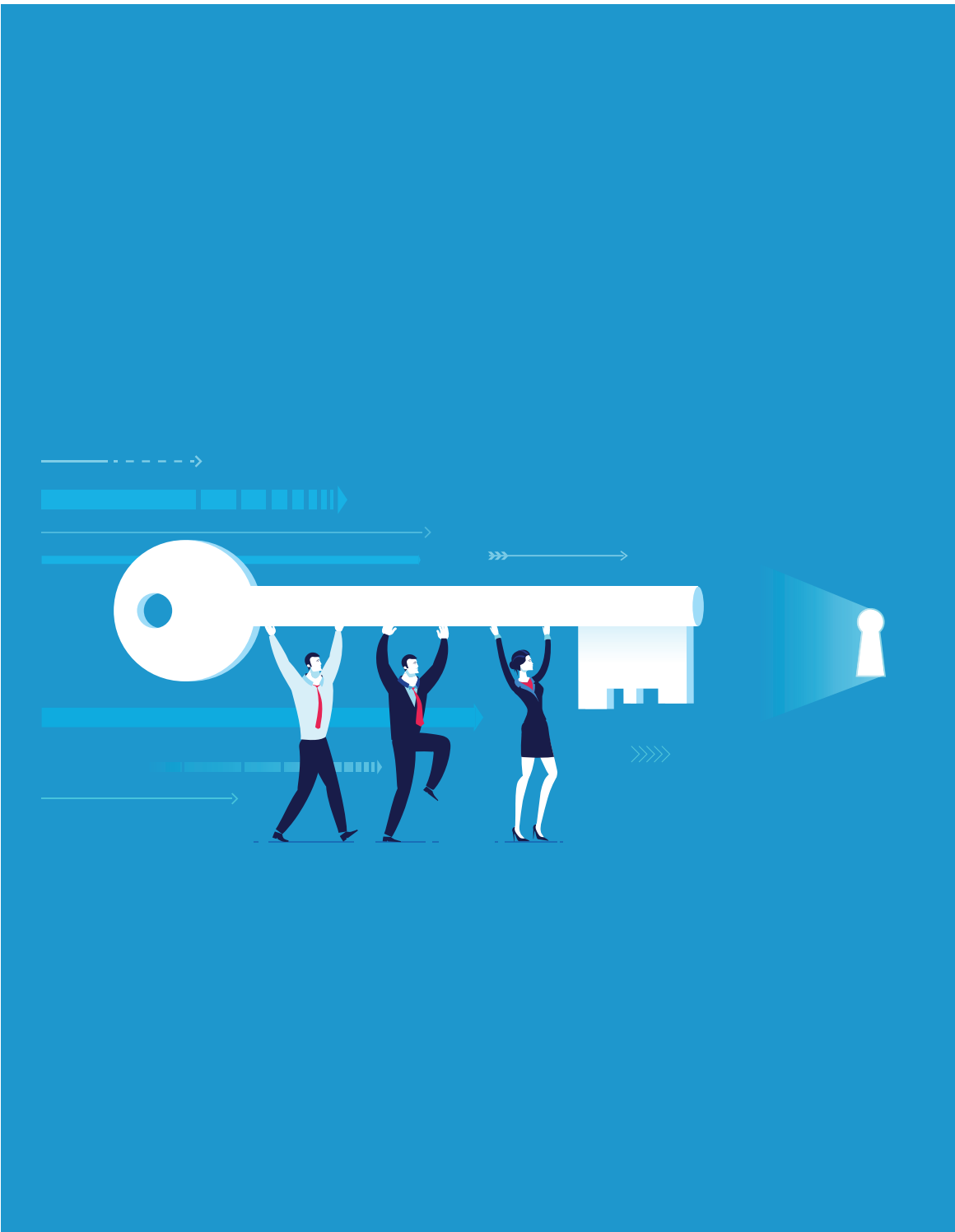
**Strategy** implies that no number, metric or measure exists in a vacuum. They all have to be put into context. They need to be associated with a goal – corporate or departmental. They don’t just stand on their own.

**Manage** means that we are looking at those numbers for the express purpose of doing something. Unless a number tells us to do something then it’s not a KPI – it’s just a statistic, a raw number.

**Results** are comprised of the things that we do and your KPIs should show those things. For something to be a KPI it needs to tell us what to do to make things better. If sales are going down, how does the number we are looking at tell us what to do to make them go up? There is a set of actions that need to take place to move them forward – what are they?

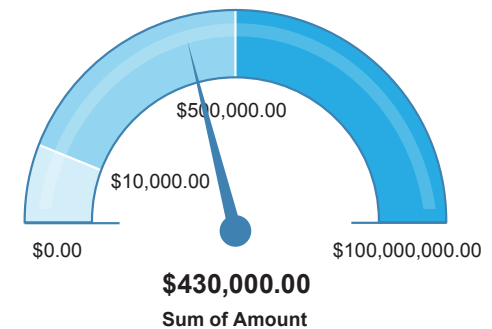
**If you can figure out what the handful of activities are that are most important to achieving your desired results, then you can construct KPIs that influence them.**





## Building Your KPIs: How You've Always Done It

If your desired goal is to increase sales by 30% in 12 months, the tendency we see is to build a chart that looks like this:



You say, "I'm measuring it, so I'm managing it." But that's not really managing, that's just tracking a trailing indicator of a set of activities that drive your results.

Sales is a trailing result. Income is a trailing result.  
Inventory is a trailing result.

**Sales happened because a bunch of other stuff happened before. So if you are looking at the gauge above, you're only half way there.**

# Building Your KPIs: Move the Needle Metrics

“Move the needle metrics” are metrics that can be influenced directly, and significantly, by the actions you take.

Ask yourself this question: If we take action, will we see a significant enough movement in the needle to recognize that the action had an impact?

A true KPI reveals the stuff that happened before, that ultimately drove the result of SALES. This is better because you can see the results before they happen, and most importantly, you have your best chance of doing something about them.

**Remember your goal of increased sales by 30% in 12 months?  
Let’s lay it out like this:**

Marketing Activities drive website traffic. And website traffic drives product demos. And you know from your history that 30% of your prospects that see a demo buy your product. Now you have a set of reliable indicators for your future performance.

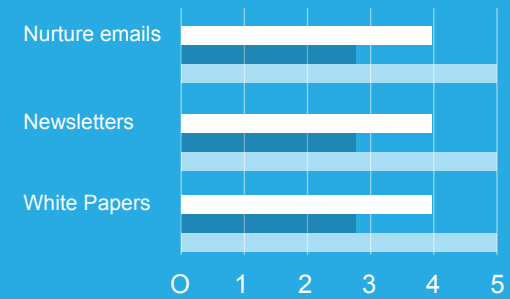
**The raw data tells you what do to.**

So in this scenario, if you’re not getting enough demos to create those sales, then you know you need to dig into the marketing activity and website traffic and adjust accordingly.

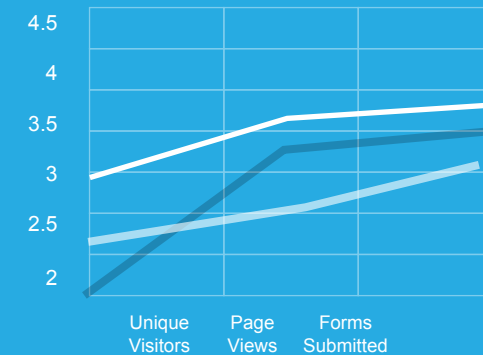
But keep in mind that raw numbers are only useful when used together – not alone – and they are only useful because they are tied to strategy and goals.

So there you have it. Now you have a dashboard that not only looks good, you’ve got KPIs you’re tracking that will actually benefit the bottom line.

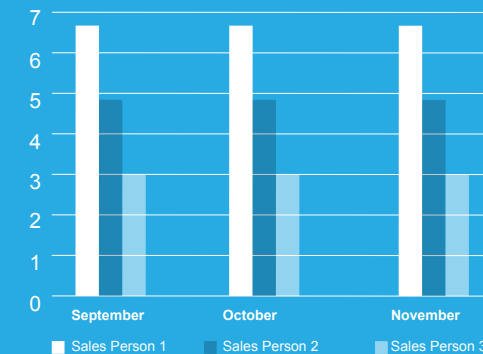
## Marketing Activities



## Website Activity



## Demos Per Month





## **At Jet Reports we love what we do.**

In fact, you could call us data geeks. If you want to talk data with us, learn more about building effective KPIs or find out how you can start making data-driven decisions reach out to us!

---

Learn more about how to build KPIs that actually drive revenue from Jet Reports at [www.jetreports.com](http://www.jetreports.com)

Jet Reports delivers unparalleled access to data through fast and flexible reporting and business analytics solutions that are cost effective, provide rapid time-to-value and are built specifically for the needs of Microsoft ERP users.

**Over 10,000 companies rely on Jet Reports every day for their financial reporting.**

---