

## Do you know all Supplier KPIs?

Only what you can measure you can improve on and also measure the improvement.

Or as the Six Sigma saying goes:

Without facts and numbers you are just another person with another opinion.

So measuring Key Performance Indicators is key. They are of particular importance when you set up your company for growth.

This being said – KPIs are often used to solely measure employee's performances, used as a tool to decide over bonuses or promotions. Good examples are how many calls did you make, how much money did you save, what was your sales volume, how many quality claims were recorded over a given period of time.

The more important reason why to measure KPIs is to show the performance of the company.

They are indicative of:

- is there a trend that shows growth opportunities and the health of an organization –
- where gaps are that indicate corrective actions are needed
- show where operational adjustments are needed and
- allows for analysis of trends over time.

There are KPIs for Sales, Marketing, PR, Production, Operations, Financials, Service and Advertising to name a few, and of course for Supply Chain Management and Quality Control. This list is inclusive but not limited to the possible areas of effectively using KPIs.

So, what are KPIs actually?

They are fact driven accurate measurements, reporting activities (or the lack thereof) in organizations that are gathered by subject matter experts in the organization. The results are actionable,

The individual reporting by departments is then collectively analysed by senior management and or board of directors, who then can make informed decisions to give directives on how to steer a company in the future and to evaluate if the company's actions are aligned with her vision and goals.

It is therefore important to set KPIs appropriately, realistically, and in a way that they are actually relevant. The key word here is at the same time: keep it simple. To set up KPIs that would take a high percentage of employees work hours would be counter productive.

This means, the company's steering committee should decide first what is relevant to them to be measured.

Once a selection of KPIs is decided on, staff need to be trained and they have to be made aware why this extra workload is important for the company and consequently for them as well. The compilation of data should be more than an odious task for them but also have meaning and relevance to them. They should have an appreciation of the contribution they provide in achieving company's objectives.

The implementation of KPIs should be gradual and are best imbedded into SOPs (Standard Operation Procedures).

Finally: company's goals and objectives change, so do the needs of what need to be measured. So once KPIs are introduced, the continuous relevance should be periodically re-evaluated and where needed adjusted.

If you are interested in learning more about KPIs – please contact us.