5 common mistakes CEOs make when it comes to KPIs

Here are five common mistakes—along with tips to help you create and implement talent KPIs that motivate people to work at their top potential:

1. Some companies don't establish KPIs.

In our 2019 CEO Benchmarking Report, we found seven percent of CEOs didn't know what KPIs to use so they didn't use any.

Tip: While some organizations get lucky and hit objectives anyway, establishing clear KPIs—and building a people strategy to support those goals—increase the likelihood of success.

2. KPIs aren't linked to people strategy.

There's a missing link between business strategy and achieving results—people. If your business strategy isn't aligned with your people strategy, business results will suffer. Once KPIs are established, map them to a people strategy to support their execution.

Tip: Here are five critical people metrics to track:

Employee engagement. Engaged employees are proven to be more productive and higher performing.

Time to hire. The longer a position is open, the more lost opportunity cost is present.

Employee retention. Employee turnover decreases engagement and results in loss of productivity.

Net promoter score. Happy employees lead to happy customers. A high NPS is only achievable with the right team in place. **Profitability per headcount.** Instead of focusing on return on invested capital, dig into your return on talent.

3. Nobody owns the numbers.

Some CEOs think they should own every number, but that's not the case.

Tip: Empower individuals across the organization to own certain KPIs.

4. KPIs aren't actionable.

When KPIs aren't actionable it's hard to use them to inform decisions.

Tip: Map performance metrics to action, so people know what they have to do.

5. Metrics are hidden from the company.

When employees know what ultimate goals the company is working toward, they're more invested in making them happen.

Tip: Ensure employees are clear on business objectives by reiterating key metrics at company meetings and team meetings.