



## KPIs: Transform Strategic Plans into Metrics that Matter

During annual strategic planning meetings, the temptation is always to spend most of the time working on the business, discussing the big picture strategic plans and breakthrough developments that are critical to the future of the company. Only looking at long-term plans ignores a critical part of the planning process: Defining the annual goals and key performance indicators, KPIs, which will be relevant in the day-to-day running of the business to turn those high-level goals into reality.

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they are ever going to be realized.

Too often, when business leaders present the annual goals, they simply send them down the line as blanket targets that they will be using to evaluate the progress of every department. When they check back in after the first quarter to see if everything is on track, it's usually not and no one can explain why.

This traditional approach misses the whole point of defining and tracking key performance indicators. For KPIs to be meaningful and effective, they must be part of a robust "goal deployment" process that does much more than communicate the high-level goals of the company. Your goal deployment system must include a detailed roadmap of your organizations' operational plan in a way that transforms those high-level goals into something meaningful at each level of the business, from front-line employees, supervisors and team leaders up through middle management.

For example, it's perfectly fine to set a corporate goal of a five percent cost reduction for the company, but it needs to be translated into a daily KPI that matters to a line supervisor responsible for one manufacturing cell in your organization. Without that translation, a five percent overall cost reduction target does little to communicate to that supervisor what he or she needs to do to drive the company toward its objective.

Cascading high-level corporate goals down into meaningful KPIs is not an easy process. It takes time. Oftentimes, it can require changing your whole approach to goal setting and tracking KPIs.

In the second blog post on this topic I will present an overview of TBM's approach to goal deployment.



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