



Staff KPIs – Expected and Unexpected Outcomes

With a view towards the impending New Year and the prospect of setting goals for 2012 I thought it would be timely to discuss the question of determining Key Performance Indicators (KPIs) for the non-advisers in your team.

I have either observed or facilitated the implementation of a “KPI system” at a number of financial advice businesses in the last couple of years. What has been most interesting to me has been the impact of the implementation which has delivered benefits (and some risks) which were not expected at the outset. It may be instructive to tabulate the typical staff reactions at two stages, before and after implementation, remembering that the focus is on the non-advice people:

Stage 1 – Before - Positioning and Launch

At risk of stating the obvious, if the new KPI scheme is not well-positioned and well-explained at the outset the scheme may be counter-productive. For many of your client service and operational staff it may their first experience of KPIs so some education and communication is essential. I would also suggest that their involvement in the choice of KPIs is also critical if you are to achieve their buy-in. I would recommend a personal conversation with each team member, one-on-one, to maximise the probability that the scheme will be supported by your team members.

The typical reactions of the team members at the end of this first stage can be summarised as follows:

Upside	Downside
Expected: <ul style="list-style-type: none"> - It might lead to a bonus - Great, they are taking me seriously 	Expected: <ul style="list-style-type: none"> - What if I don't meet them? - What if the measures are wrong?
Unexpected: <ul style="list-style-type: none"> - It will be good to know when I am doing well - It will help me understand what is important in my role 	Unexpected: <ul style="list-style-type: none"> - What are they really up to? - I hope they are fair. - How will they measure them? - I bet this won't last long...



Stage 2 – After – Assessment and Review of Performance

Again, at risk of stating the obvious, if the new KPI scheme is not implemented with some rigour in terms of the measurement, the reporting and the communication then the scheme may be counter-productive. This means that the selection of KPIs needs to be practical. It is better to have only a few KPIs which can readily be measured than adopt a comprehensive approach that requires industrial strength to maintain. The KPIs also have to be relevant to each person's role and produce the right behaviours. The principals must be disciplined in reporting the results to the team on a regular, agreed basis. They must also be disciplined in scheduling performance review meetings to discuss the results – and their implications.

The typical reactions of the team members at the end of the first year can be summarised as follows:

Upside	Downside
Expected: <ul style="list-style-type: none"> - I have a much greater sense of satisfaction with my work - I now know what is expected of me and what I can deliver 	Expected: <ul style="list-style-type: none"> - It was harder to reliably measure than I thought - It takes time to do this properly
Unexpected: <ul style="list-style-type: none"> - Everyone else seemed much more interested in how I was going - I learnt so much about what was involved in other roles - I feel committed to this business 	Unexpected: <ul style="list-style-type: none"> - Now what will they expect of me next year? - When will I get a bonus? - I wonder how much profit they made?

I would highly recommend that you consider implementing some style of KPI system for all of your team members in 2012, but only if you have the commitment and discipline required. Some provocative questions to test your commitment, linked to selected downsides are:

- Are you willing to use the KPIs to pay financial rewards?
- Will team KPIs or individual KPIs work best in your business?
- How much information, especially financial information, are you willing to share with your team members?
- Do you have the metrics to support your KPIs?
- What do you really want to get out of this?

These are the best of times to fully engage your team in your business by helping them to set realistic goals and discuss their achievements with them.