MANAGEMENT OF BUSINESS MANAGERS

How KPIs go from indispensable allies to the undertakers of your business

Frédéric Le Pennec · 6 December 2024

KPIs are useful for driving activity but become counterproductive when they turn into rigid goals. Misinterpreted, they push teams to favor quantity over quality and actual performance.

In many industries, KPIs are ubiquitous. They provide a clear view of the efforts required, help drive the activity, and serve as a barometer to evaluate performance. But they can become a hindrance, even a danger, when misunderstood or misused. A concrete example will illustrate this point.

Imagine a company analyzing its past year. To close 100 deals, it produced 300 business proposals, identified 500 opportunities, and organized 2,000 prospecting meetings. With this data in hand, it calculates that a business manager must, on average, conduct 10 prospecting meetings per week to maintain this level of performance. This KPI seems perfectly logical and achievable since it is calculated based on reality.

However, a problem arises as soon as the context changes. Suppose the economic environment becomes more complex, prospects are less available, or competition intensifies. Business Managers, under pressure to meet the figure of 10 weekly prospecting meetings, start to "cheat" the system. They organize meetings they know are of little or no relevance, simply to meet the set goal. Result: out of these 10 prospecting meetings, 2 or 3 are useless. This behavior, although rational in a framework where only the metric counts, dilutes the overall quality of efforts.

The real question: a bias from the start?

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Digging deeper into the analysis, a question arises: did the initial study that led to setting the KPI of 10 prospecting meetings per week already include meetings identified as useless from their planning? Most probably, no. In a system without strict KPIs, a useless action remains, by definition, a waste of time, and it is generally not carried out. But as soon as a system based on KPIs comes into play, a useless action can paradoxically acquire a "utility": it serves to fill a box, even if it doesn't meet its initial objective.

This mechanism creates a vicious circle. Before the introduction of KPIs, business managers naturally focus on prospecting with a reasonable probability of success, even if some turn out, afterward, to be unsuccessful. With KPIs, a new dynamic appears: deliberately "artificial" actions are inserted into the process from the start, only to reach the numbers. These actions, although conforming to the indicator, add no value. This shift not only falsifies the initial calculations that led to setting the KPI but also the overall performance of the company.

The consequences? A mechanical drop in conversion rates. In response, the solution often favored by management is increasing the goals: a KPI of 10 prospecting meetings per week becomes 12, or even 15. But this escalation only worsens the problem by amplifying the use of unnecessary actions and further distancing teams from their true purpose.

A universal phenomenon

This problem isn't limited to business prospecting. We observe the same drifts in other fields, such as recruitment. Take a recruiter evaluated on the number of candidates met each week. To meet their KPI, they may be tempted to increase interviews with profiles they know are poorly suited, at the expense of targeted searches. The time lost checking the "number of interviews conducted" box could have been devoted to actions that are truly productive.

It is the same mechanism that pushes some professionals to prioritize quantity over quality. An insidious phenomenon, because it often goes unnoticed... until the final results start to deteriorate.

The solution: return to essentials

So, how to avoid these traps? The key lies in a deep understanding of KPIs. They are not goals to be achieved at all costs but indicators to be interpreted. A good manager must take the time to contextualize the numbers and adjust expectations based on the realities on the ground. If the economy tightens or the dynamics of a sector change, KPIs must adapt to this evolution.

It is also essential to differentiate the end goal (generating business, recruiting the best profiles) from the means (number of prospecting meetings or interviews). By refocusing attention on results rather than metrics, teams regain their freedom of action and can focus on what actually works.

KPIs are powerful tools, but their misuse, both by managers and the managed, can harm an organization's performance. It's not about abandoning them, but using them with discernment. They should guide, not constrain.

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