MANAGEMENT OF BUSINESS MANAGERS

# Should the number of performance indicators be limited to be effective?

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Limiting KPIs is not always the best approach to effectively manage an activity. The challenge is mainly to prioritize the indicators and shift focus according to current priorities.

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Performance indicators (KPIs) are essential for managing any business, but the question often arises: should their number really be limited to remain effective? The answer is not so obvious. Certainly, KPIs allow for activity management, but they are only a selection of indicators identified as priorities according to current needs. However, this does not mean that other available indicators should be neglected.

## Not all indicators deserve the same attention

In reality, it is essential to monitor a wide range of indicators to ensure a complete view of the activity. Let's take the example of a car dashboard. When you drive, you have access to several pieces of information: speed, fuel level, engine speed, engine temperature, etc. However, you do not constantly look at all these indicators. You mainly focus on a few, like speed and fuel level. Yet, if a warning light suddenly comes on to indicate overheating or low tire pressure, attention instantly shifts to these new indicators, which then become critical.

## Secondary indicators help detect weak signals

It is exactly the same in a business. Having numerous indicators allows you to monitor all aspects of activity and detect weak signals, early indicators of potential problems. By monitoring these secondary indicators, you can anticipate drifts and implement corrective actions before the situation deteriorates. This allows for proactive action, preventing more severe crises.

## A secondary indicator today can become a priority tomorrow

For example, in a consulting company, during a period of strong growth, a key KPI could be the conversion rate of prospects into clients. However, indicators like consultant satisfaction or team turnover rate, even if not a priority at that moment, are also monitored in the background. If a gradual decrease in consultant satisfaction is detected, this indicator could quickly become a priority KPI. You could then act before consultant departures significantly increase, avoiding a crisis.

## The real question: which indicators should be highlighted?

Thus, limiting the number of indicators is not always the right solution. What is needed is to identify, based on the situation or current strategy, which indicators to highlight as KPIs, while maintaining overall monitoring of all others. These secondary indicators, although less visible, are essential for detecting anomalies and adjusting management over time.

## Managing also means knowing how to shift focus

Just as in a car, you do not look at all the gauges constantly, but you know they are there. They become essential as soon as an anomaly occurs, allowing you to react quickly and maintain driving safety. In business, it is the same: agility consists of juggling between KPIs according to priorities, while keeping an eye on other indicators to anticipate future challenges.

## Do not limit indicators, prioritize them

So, instead of restricting the number of indicators, why not favor a flexible approach that allows for adapting KPIs according to needs, while monitoring a set of background indicators ready to become critical at any time?


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