

Knowing how to use KPIs: a rare yet essential skill in performance management

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KPIs are ubiquitous, but their true value depends on how they are interpreted. Well-used, they allow for refined performance management rather than blindly following numbers.

In many companies, especially consulting firms and IT services companies, KPIs (Key Performance Indicators) are essential tools for assessing commercial and operational performance. Whether it's the number of consultants starting new projects, the occupancy rate, or the revenue generated, these indicators are everywhere. Yet, despite being widespread, knowing how to use KPIs intelligently remains a rare skill. Misunderstood or poorly exploited, KPIs can become counterproductive traps. But when used strategically, they prove to be an indispensable lever for performance management.

KPIs, powerful tools but often misused

KPIs allow tracking the evolution of objectives and identifying trends, but they are often poorly exploited. Too many companies see them as mere numbers to fill without really analyzing their meaning. Take the example of an IT services company that tracks the number of new clients signed each month. This number, if not analyzed alongside other indicators like current customer satisfaction or retention rate, can give a false impression of success. In reality, a high number of new clients may hide poor management of existing clients, leading to a high attrition rate.

The essence, therefore, lies in the interpretation of KPIs. They must be understood in their context and aligned with the company's strategic objectives, not treated as mere numerical targets.

Direct and calculated KPIs: understanding intensity and efficiency

It is also necessary to distinguish between **direct KPIs** and **calculated KPIs** to better evaluate performance. Direct KPIs measure raw activity, such as the number of candidates met or calls made. These indicators track the effort deployed, but they do not provide information on the quality of the work done. Conversely, calculated KPIs, such as the conversion rate between calls and prospect meetings, measure the effectiveness of these efforts.

Take the example of a business manager making 50 calls per week but organizing only 5 meetings. With a conversion rate of 10%, there is clearly an efficiency problem. On the other hand, another business manager making 30 calls to achieve 10 meetings shows a conversion rate of 33%, which reflects a better quality of interaction. By combining these two types of KPIs, managers can adjust their strategy more precisely.

Direct KPIs quantify the intensity of work, while calculated KPIs highlight effectiveness. Together, they provide a more complete view of the real performance of the teams.

Interpreting KPIs: going beyond raw numbers

KPIs, whether direct or calculated, should never be taken at face value. It is essential to understand what lies behind the numbers to avoid counterproductive actions. Let's take again the example of the business manager with a 10% conversion rate on phone calls. The classic response would be to ask them to increase the number of calls to reach their prospecting goals. From a mathematical point of view, this seems logical. But without trying to understand or speculating on the real reasons why this conversion rate is low, one risks missing the real issue.

If the low conversion rate is due to poor prospect qualification, an unsuitable sales pitch, or lack of time to build a strong relationship during calls, increasing the call volume will only worsen the situation. The manager then risks exhausting their team while achieving even less satisfactory results.

Knowing how to read KPIs is therefore about asking the right questions. It is not enough to increase volumes to improve performance. It is crucial to identify the real obstacles to implement effective corrective actions.

Knowing how to use KPIs is an essential skill but still too rare in consulting firms and IT services companies. Poorly exploited, KPIs can become obstacles to the efficiency and motivation of teams. But when well understood and correctly interpreted, they enable managers to make informed decisions and optimally manage performance. The art of KPIs lies not only in data collection but especially in the analysis and actions that follow.