

# State of the KPI union

## Survey results with commentary

**DRAFT**

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## ***Summary***

KPIs sometimes seem omnipresent in modern business. With the advent of AI they are likely to become even more important as machines need to have something to aim at, a target to optimisation.

Despite their proliferation there is a surprising lack of consensus on what they are, what they should be and how they are used. Superficially they look simple: a measurement. But there is massive variation in how they are collected, shared and acted on.

The survey underlying this paper shows that KPIs are widespread, perhaps as many as 60% of companies use them. While half of these companies seems to be using them effectively the other half are not.

This presents a “glass half full, glass half empty problem.” That so many companies have the basics right should be celebrated, but it shows that many need to improve. The basics should not be hard to get right: define a few really key indicators, arrange for the numbers to be collected regularly without imposing costs on companies and staff and then compile the results into a report or dashboard. This need not be rocket science.

Yet so many companies fall at those basics: KPIs are not defined, the name “KPI” is applied too much and there is lack of differentiation between different types of indicator, data collection is often time consuming and takes staff away from value adding work, reports are not regular and not always shared.

Then there is the issue of improvement. Too often the approach is simplistic: attach a target to the KPI. This approach is self-defeating: targets are not motivating and are often gamed, i.e. met by less desirable means.

Coming KPIs with OKRs may offer a way forward: KPIs work as health monitor, tracking lagging indicators over the long term. OKRs work to create near term improvement action using forward looking leading indicators.

However, if the different roles of KPIs and OKRs are not clearly set out they risk duplicating one another, increasing work, increasing costs and generating confusion.

## ***Background***

It feels as if KPIs - key performance indicators - have been there my entire career. Perhaps the first KPI conversation I recall was at a software vendor in the "mid-noughties". Orange telecoms were a customer and they were keen on our software because it allowed them to measure and hit KPIs. So there were many conversations about KPI and CSF - critical success factors. (Interestingly, one hears far less talk about CSF than KPIs today.)

Nor do I recall ever been taught about KPIs on my MBA. Dredging through the files and books I have kept over the 20 years I find a few mentions of KPIs, and even CSFs but nothing very specific. The operations management textbook does devote space to *performance indicators* but never *key performance indicators*.

Yet while KPIs have been in the ether for decades very few of my clients ever had a structured approach to them. It usually felt that key performance indicators were invented on the spot, the term KPI was used to aggrandise some measure and nobody ever remembered what the KPI was the next day. There was no such thing as a regularly KPI report let alone an action plan for improvement.

At some point in the 2010s numbers appearing on company dashboards started to be called KPIs. Since each dashboard could contain 10 numbers per square inch one always doubted that every number really was **key**. Aggrandisement again.

This *anything goes and nobody follows* is what I have since called Type-1 KPIs. One might hope such companies would see the error of their ways and fix it. But simply banning the term KPI would make things better.

The stand out exception was a car manufacturer which might have been the best managed companies I met. The company had sensible dashboard and improvement plan for KPIs. This is what I have called Type-2 KPIs.

Yet the same company was set on adding OKRs - objectives and key results - to the mix. Given that OKRS are pretty much measurements with action plans for improvement I found myself asking "why?"

If a company has well defined KPIs, is reporting on them regularly, and using them to drive improvement then I find it hard to see what will be gained from adding OKRs. Indeed, I can see OKR implementation pushing up costs and creating confusion. So, if a company has well-functioning type-2 KPIs celebrate!

The third type of KPIs, Type-3 KPIs, are more akin to the *Balanced Scorecard* approach. This type are well defined and actively monitored but they are not the basis for improvement. Rather they perform a monitoring function akin to an airplane cockpit or intensive care hospital monitors.

Type-3 KPIs can be combined with OKRs which form the improvement plans. Type-3 KPIs are lagging indicators which tell you if the company is performing within tolerances.

OKRs are the hypothesis about will improve the company. The key results are leading indicators forming acceptance criteria for objectives. If the indicators are good, and the hypothesis is right, then a some later date the KPIs will improve.

Used together KPIs and OKRs can address propagation delay problems of improvement programmes. In a nutshell, improvements to company performance

are not instantaneous. It can take weeks, months, even years for changes to come through in the numbers - hence the term lagging indicator.

In the key results can be used as near time leading indicators to check you are making progress according to your hypothesis. Key results measure progress towards the hypothesis, if the key results are good, and the hypothesis is right then one can expect to see KPIs improve. However, if the hypothesis is wrong then all the right key results won't move the KPI.

For example, one of your KPIs might be customer visits to your shop. You might hypothesis that an advertising campaign will boost visits and additionally boost sales.

**Objective:** Increase customer visits to shop to increase sales

Key result 1: Advertising campaign shows 5 adverts to target customers over 6 week period

Key result 2: 60% of target customers can recall advert (measured by survey)

Key result 3: 10% increase in customer visits over 6 weeks following advertising campaign.

Inside this OKR are two hypothesis: firstly advertising will increase visits and second that more visits will mean more sales. Visits and sales will not improve immediately after the first adverts. Customers might need to be exposed to repeated adverts before it influences their behaviour. It might then require multiple visits before they actually buy.

So an advertising campaign run this month might not increase visits until next months, and sales might not increase for another two months. Add in a month to check returns are increasing and another month to collect enough data and it could be to or three quarters before results are confirmed.

Using KPIs as lagging indicators over a long period addresses two problems with OKRs. Firstly, measuring results at the end of the cycle can be difficult because changes have not had time to come into effect. Second, an OKR might look successful at the end of the three-month cycle but six months later might not have delivered the anticipated results. Consequently, really requires a longer term perspective which means more work monitoring results.

As I paid more attention to the world of KPIs, and how companies described them, reported them and used them, it became clear to me that the not all KPIs were equal. The way companies interpreted and used, or misused, KPIs varied greatly.

To compound the problem there was no foundational KPI text. While there many books and papers written about KPIs there is no one source. This causes difficulty in knowing "the right way" to use KPIs but at the same time has the advantage that it allows for experimentation and variation.

My previous paper ref was an attempt to make sense of the KPI landscape. It was in this paper that I proposed types 1, 2 and 3 KPIs. This paper was based on my own experience, my literature review - by definition incomplete - and many conversations over several years.

Having published that paper I still wanted to know more. *Was I missing something? Was my interpretation valid?*

Hence, I decided to run a survey on KPI usage. This paper is the report of that survey.

## Driving KPIs

Consider a car on a long journey. The high-tech dashboard shows speed, fuel consumption, distance from roadsides, direction, inside temperature and estimated time to destination.

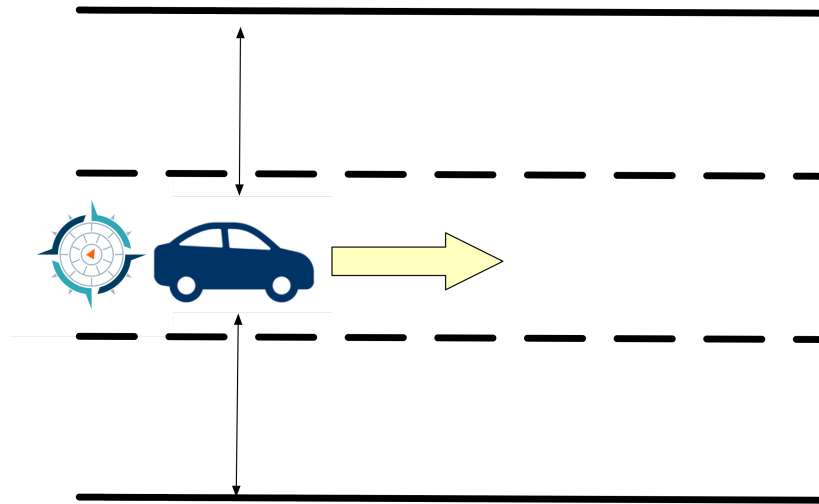


Figure 1 - Car in motion

Speed probably is a key performance indicator while distance to roadsides is merely a performance indicator. I see the inside temperature as merely information but if this was a limo service it might be performance indicator to the company. Fuel consumption and direction are also probably KPIs.

Now time to destination is an estimate, that again is information although it might be information to act on. There might be a targeted arrival time and will allow you to judge whether you can make it or not. If you pull the targeted arrival time forward the driver needs to have the authority to take action. However, if they lack that authority or resources to respond then there is no change.

## Polling method

### Survey

The main survey was created using Google forms. It comprised 5 numeric questions and one freeform text.

All responders were asked "Do you use KPIs and/or OKRs in your organization?". Those who said they did not use KPIs were then asked "How would you describe KPIs in your organization?" before being sent to the final free text "Is there anything else you would like to share about KPIs?" question.

Those who said they did use KPIs were asked: "Are KPIs formally defined?", "Are KPIs actively monitored?" and "How many KPIs does your organization have?" before being given the "anything else" question.

## **LinkedIn polls support**

To further validate the answers the questions about KPI usage were also asked in LinkedIn polls during the same period. These polls only contained one question at a time and ran at approximately one poll question a week.

However, while the Google Form allowed for many response options the LinkedIn poll was limited to only four answers. In some cases questions or answers needed modification to comply. Further, text limits in LinkedIn field meant some questions and answers needed to be rephrased. Therefore, while useful to support the main survey the LinkedIn polls was not a like-for-like comparison.

It is probably that some respondents answered both LinkedIn poll questions and the full survey. To increase participation in the full survey a link to Google was posted with the LinkedIn poll shortly afterwards. It is therefore probably that some respondents answered one or more Google questions and completed the larger survey.

## **Audience limitations**

The biggest challenge with this survey was getting data. I appealed for response on my own mailing list, peer's mailing lists, several slack groups and in a series of LinkedIn direct messages and e-mails. Over 110 responses were received. It is safe to assume that many people who do not regularly use KPIs simply did not take the survey.

Nor can it be claimed that the audience was representative. Those who received the communication were, by definition, self-selecting. Nor, was there any attempt to judge how many organisations were effectively surveyed. Each response was individual, the data from four responders working at four different companies is indistinguishable from four responders reporting on the same company. There are almost certainly multiple responses from some companies with no responses from others.

While the parallel LinkedIn polls provide one confirmation check these two will have a biased in responses. The LinkedIn algorithms might have shown these polls to people it knew were active in reading and commenting on KPIs.

Still, even with these limitations the data collected provides some insights.

## **Missing information**

The survey was deliberately kept short in an effort to encourage participation. Similarly, no identifying information was gathered about the individual responder or their employer. It was felt the more the survey queried these things the greater the fall off rate would be.

## Results

As well as the quantitative data gathered some free text comments were collected. In the first section I give the quantitative results with a few comments added for context. In the following section I turn to the qualitative comments more generally.

### Q1 Do you use KPIs and/or OKRs in your organization?

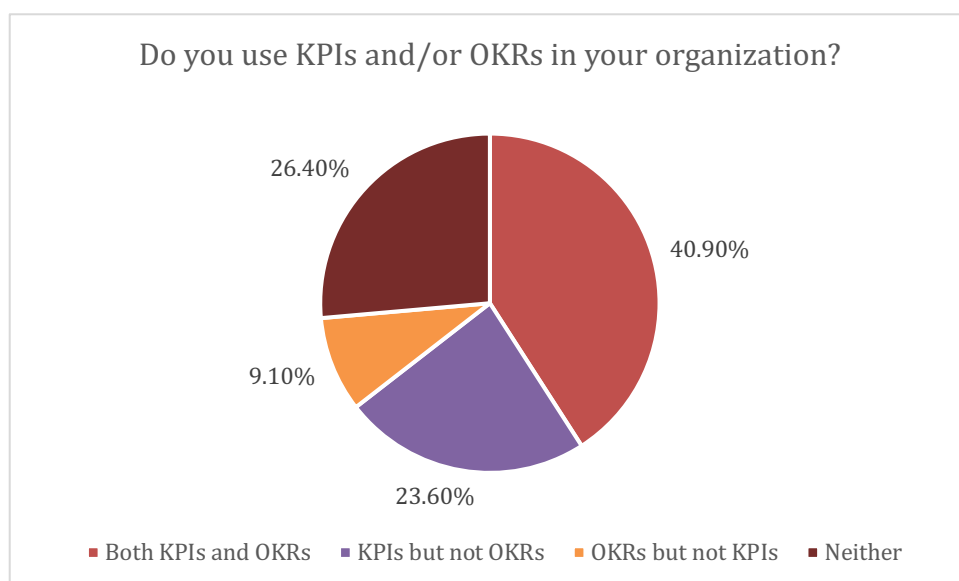
Figure 2 and Figure 3 show the results of the first question asking how many organization actually use KPIs and OKRs. The answers are broadly similar. While the actual numbers differ slightly the same pattern is shown in both.

The largest group of responders, nearly two-fifths, say their companies use both KPIs and OKRs. The second largest group, over a quarter of all responses, say their companies use neither.

I find this result slightly surprising. My gut feel was that fewer companies would be using both and that more companies would use neither. This might signal an uptick in adaption in recent times or, as previously noted, the respondents skewed to those using one of the two techniques. Again, my gut feel is that responders were biased towards users of KPIs and thus the survey shows greater adoption than is actually the case.

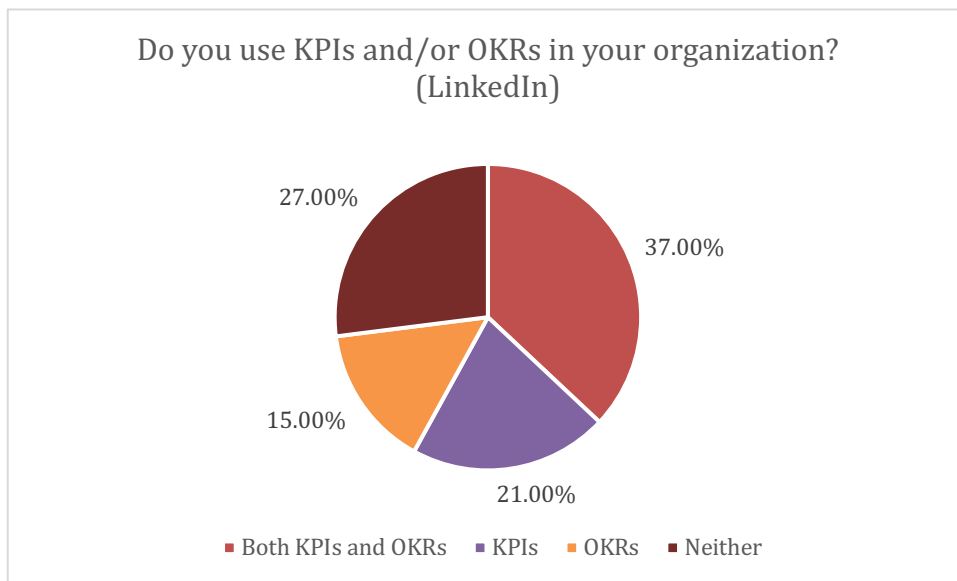
Taken individually both counts show close to two-thirds of companies using KPIs, with or without OKRs. Again, this does not match the gut feel and may indicate a skewed response. However, it does signal that KPIs are widely used.

Similarly, both measured show 50% or more of companies using OKRs. While this might indicate a rapid adoption in recent years one's gut feel is this is a data skewed. Still, it does suggest OKRs are an established management tool almost as widely adopted as KPIs. From ad hoc conversations and survey comments I suspect few companies have seamless integration of the two techniques and that there is much waste from using both.



**Figure 2 - Organizing using KPIs and/or OKRs (Google form)**

Answer	Responses	Percentage
Both KPIs and OKRs		40.90%
KPIs but not OKRs		23.60%
OKRs but not KPIs		9.10%
Neither		26.40%
Responders	110	
Total using KPIs		64.50%
Total using OKRs		50.00%



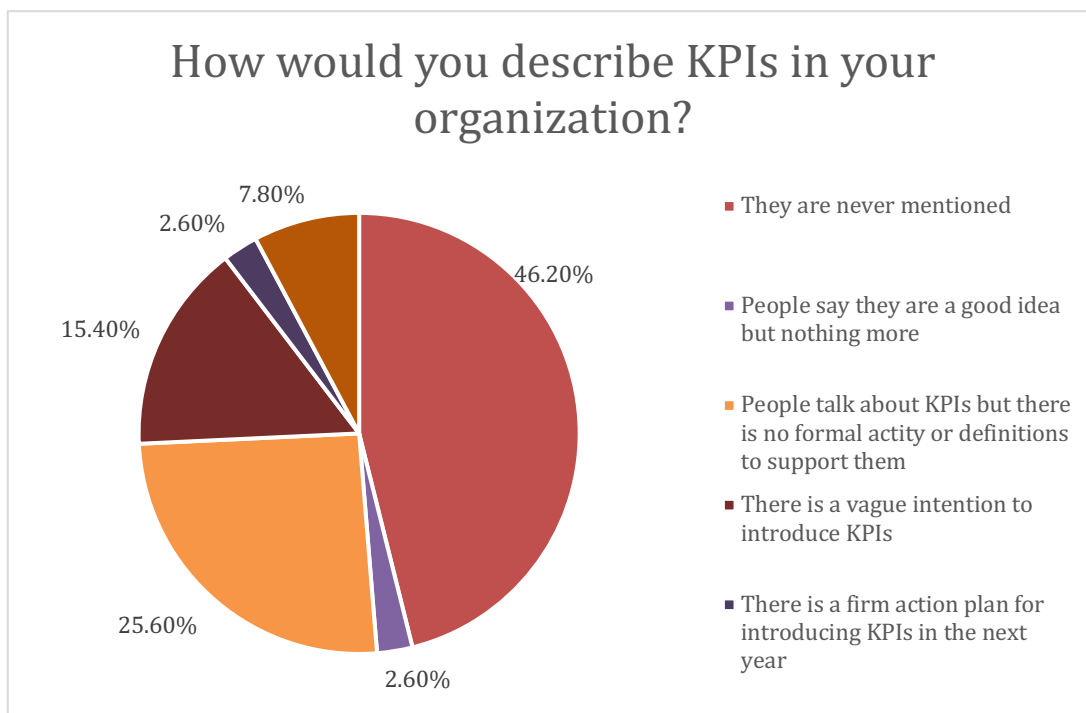
**Figure 3 - Organizing using KPIs and/or OKRs (LinkedIn poll)**

Answer	Responses	Percentage
Both KPIs and OKRs		37.00%
KPIs		21.00%
OKRs		15.00%
Neither		27.00%
Responders	62	
Total using KPIs		58.00%
Total using OKRs		52.00%

## Q2 How would you describe KPIs in your organization?

The intention of question two was to better understand where KPIs were not being used. Thus, this question was only asked of those responders who answered “Neither” or “OKRs only” to question one. In total 39 responders answered this question. It was not possible to run a parallel LinkedIn question so no additional data was gathered.

Five ready-made answers were provided for responders who were also offered the opportunity to add their own answers. Three responders used this option, these are discussed below.



**Figure 4 - State of KPIs in non-using organizations**

Question	Responses	Percentage
They are never mentioned	18	46.20%
People say they are a good idea but nothing more	1	2.60%
People talk about KPIs but there is no formal activity or definitions to support them	10	25.60%
There is a vague intention to introduce KPIs	6	15.40%
There is a firm action plan for introducing KPIs in the next year	1	2.60%
Other	3	7.80%
Responders	39	

Of the organization which do not use KPIs less than a fifth have any plans to adopting them. In approximately half of all these companies KPIs are never mentioned. This raises a question: *if KPIs are so widely used, why do so few companies of the companies that do not use them, not currently plan to adapt them?*

At the risk of making an inappropriate link I think this support the theory that the overall results are biased towards KPI users.

Turning to those who provided their own responses two free form answers were:

We're a small organization. We only use OKRs. We utilise the KR element similar to how we used to use KPIs.

We use objectives and the KPIs are defined as a part of our key results.

These cases sound very similar and imply a use of the same metrics for both KPI and OKR. Thus, the language of OKRs is being used to form action plans to improve KPIs.

The responder giving the other free form suggested that they had tried to introduce KPIs and OKRs but the team was too small to proceed.

the first answered:

I use both when I'm discussing strategy and alignment. I introduced OKRs and KPIs aligning strategy to tactical implementation; but the team was too small for them to get traction.

This implies an inform use of both KPIs and OKRs. It would be interesting to know a more about this case. This then raises the question: are KPIs only applicable to larger teams and/or organizations?

While one can see that a small team would find it difficult to justify a formal process overhead there is little, if any, discussion of team size in the KPI or OKR literature. No author of my knowledge has suggested a lower limit of company size for the applicability of either technique. Anecdotally KPIs are a tool of larger corporation; small companies often ignore them but in larger companies they are central to management and governance.

One might speculate that while a company, or individual team, is small (albeit small being undefined) collective shared goals are easier to articulate and follow. This then raises the question: how big is small? How many people justify the KPI/OKR overhead? And what other practices might affect this cut-off point? And which would be the most effective and economical?

In contrast, one of the more effective KPIs responders reported that their company of five were using KPIs successfully. Most would regard five as a small company which implies the use of KPIs in small organizations might be an interesting study in its own right. More interestingly, the responder implies that while their small company was effective with KPIs their larger clients were less so.

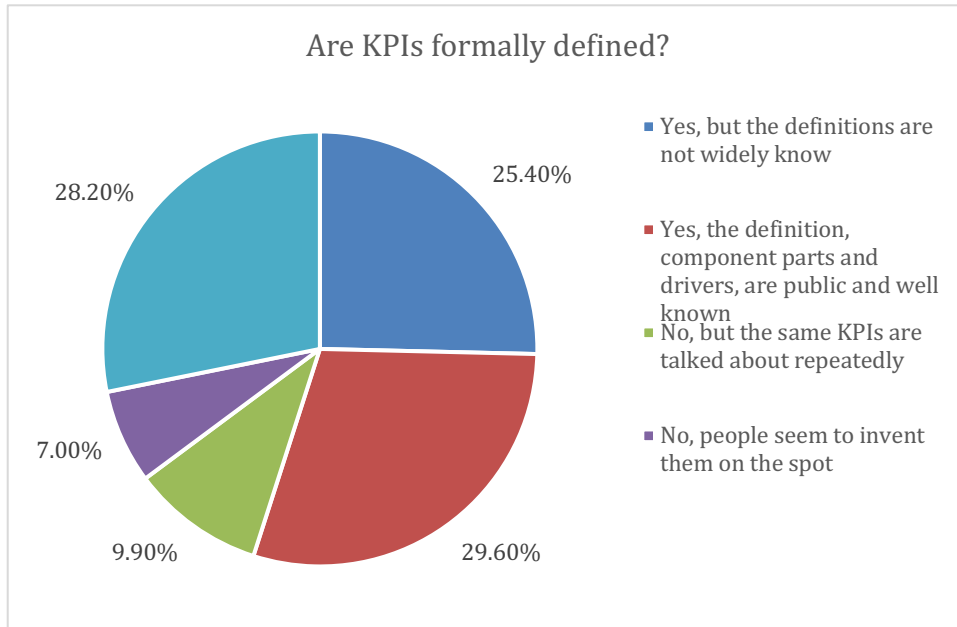
### **Q3 Are KPIs formally defined?**

*There is almost a pride in the vagueness of entrepreneurial spirit where I work which often leads to false notions of success.*

*Am guessing on the number of kpi's in general I would say they are made up often in a knee jerk fashion to show something in relation to a perceived problem and are not used in order to improve outcomes and generally are not well received by the people doing the real work.*

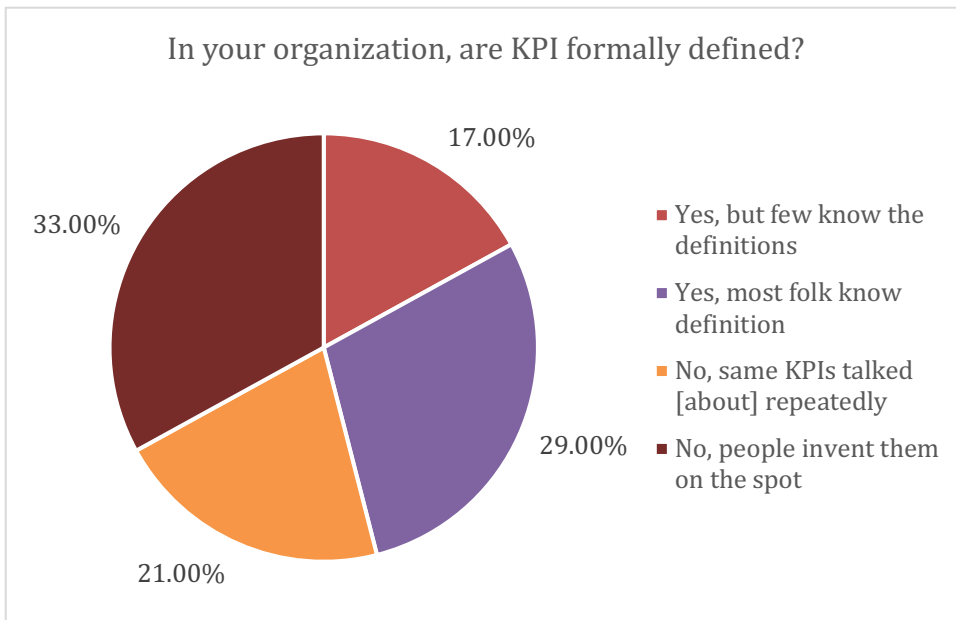
Comments from responders

Questions 3, 4 and 5 were only shown to those indicating they used KPIs in their answer to question one. A total of 71 people replied to these three questions. In parallel LinkedIn poll questions were asked to support the data gathering.



**Figure 5 - State of KPI definition (Google form)**

Answer	Responses	Percentage
Yes, but the definitions are not widely know	18	25.40%
Yes, the definition, component parts and drivers, are public and well known	21	29.60%
No, but the same KPIs are talked about repeatedly	7	9.90%
No, people seem to invent them on the spot	5	7.00%
Mix, some are well defined, others not	20	28.20%



**Figure 6 – State of KPI definition (LinkedIn poll)**

LinkedIn poll	Response	Percentage
In your organization, are KPI formally defined?		
Yes, but few know the definitions	4	17.00%
Yes, most folk know definition	7	29.00%
No, same KPIs talked [about] repeatedly	5	21.00%
No, people invent them on the spot	8	33.00%
Responses	24	

In both polls the majority of respondents say the KPIs are formally defined. However, these formal definitions are not very widely known. According to the

data slightly more than a quarter of people know the KPI definitions but this falls short of a third. This is potentially the source of problems as employees will not be able to reason about how their decision-making effects the overall KPI.

More troublingly KPIs which lack definition are even more common. Again, the KPIs will lack the power to guide employees in making consistent decisions to better the KPIs.

This is the first question were the Google and LinkedIn data diverge. 7% of Google respondents say “KPI are invented on the spot” but as many as 33% of LinkedIn respondents say they are. This response was offered because, in my experience, what metrics are elevated with the KPI title can sometimes depend on who one is talking to and what their concern is today.

The divergence, indeed all the answers to this question, may well be because LinkedIn limited the number of responses to four, thus the option “Mix, some are well defined, others not” was absent on LinkedIn. Given this it is difficult to know how to interpret this response.

#### Q4 Are KPIs actively monitored?

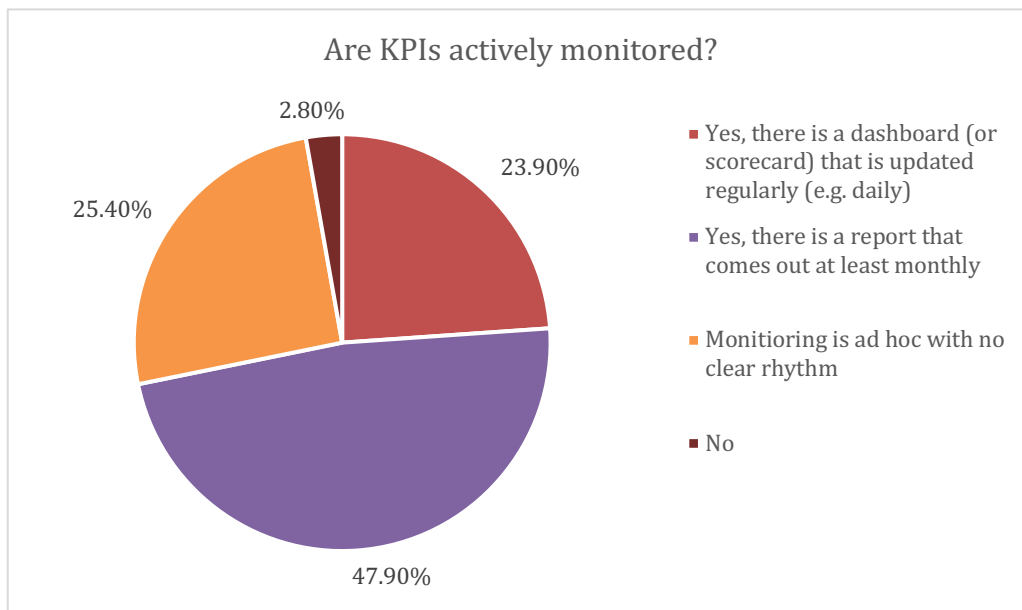


Figure 7 - KPI monitoring (Google form)

Answer	Responses	Percentage
Yes, there is a dashboard (or scorecard) that is updated regularly (e.g. daily)	17	23.90%
Yes, there is a report that comes out at least monthly	34	47.90%
Monitoring is ad hoc with no clear rhythm	18	25.40%
No	2	2.80%

While the vast majority of respondents report that their KPIs are regularly monitored – almost half by a monthly report and slightly less than a quarter by a dashboard – more than a quarter have no clear reporting mechanism.

The confusing thing about this result is that it conflicts with the previous. If KPIs are to be reported on regularly they one might assume they are defined. But while three quarter of respondents say they are reported on at least monthly few claim they are defined. There are several possibilities here:

- Companies may allow an element of judgement into the KPI reporting process which allows a vague KPI to be reported.
- Companies may not report on all the KPIs in use: Q3 allowed for a mix answer, possibly the ill defined KPIs are left off the report. This would imply the report was incomplete.
- The questions were not answered accurately.

Again the Google and LinkedIn response start to diverge. While a dashboard is in the range 21-23% for both, the monthly report and ad hoc reporting answers from LinkedIn are only half of those from Google. No active monitoring rockets to the most popular answer, 43% from LinkedIn compared to just 2.8% of Google respondents.

One possible explanation is the vastly reduced answer rate in LinkedIn for this question: only 14 responses compared to over 70 on Google. The best that can be said is that while a majority of companies have some KPI reporting mechanism it is a very mixed picture.

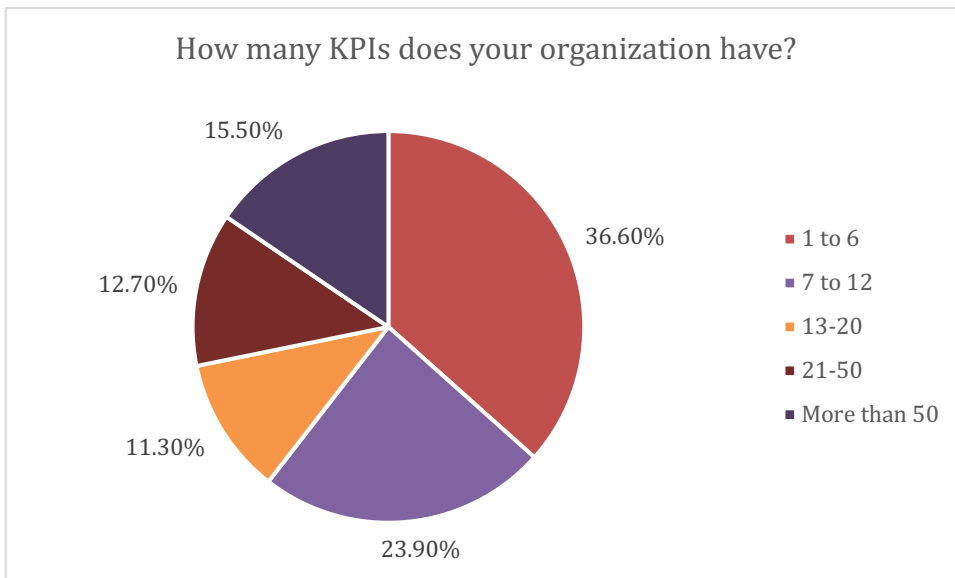
Apart from asking whether a dashboard was used or not no enquires into the nature of the dashboard were made. A dashboard might be updated in real-time, daily or even less than monthly, the dashboard might contain six KPIs or 60 metrics some of which are genuine KPIs. It has been assumed for interpretation purposed that any dashboard would be updated at least monthly.

## **Q5 How many KPIs does your organization have?**

*One [pu]blic client had 37 KPIs. Of course, none were key.*

*We think we have too many KPI - it will be interesting to see how many other people track*

Comments from responders



**Figure 8 - Number of KPIs in use (Google form)**

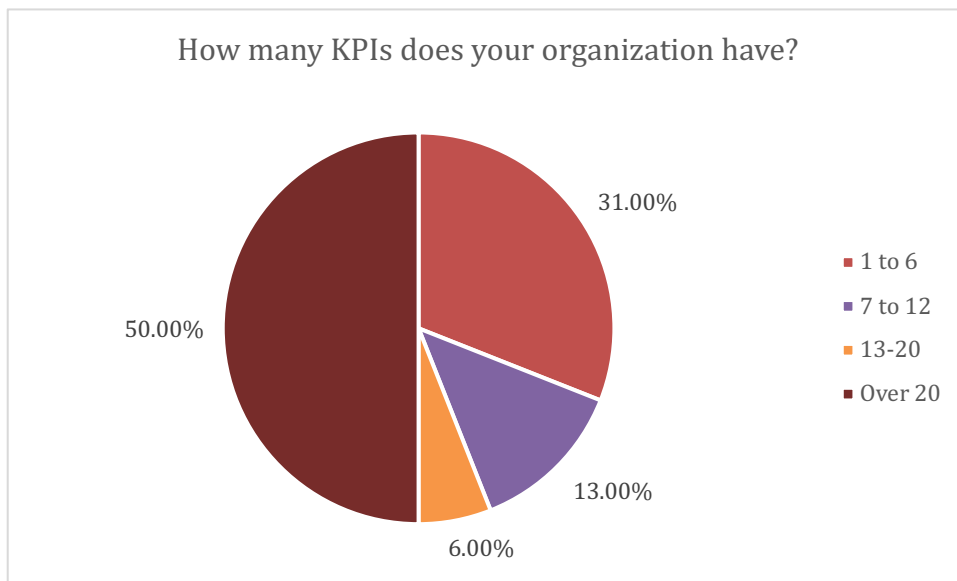
Answer	Responses	Percentage
1 to 6	26	36.60%
7 to 12	17	23.90%
13-20	8	11.30%
21-50	9	12.70%
More than 50	11	15.50%
Combined: over 20	20	28.2%

Most authors advocate limiting the number of KPIs in use even while noting the excess of metrics. Only the most important things, or aggregate measures which combine several variables, should be blessed with the title “key” performance indicator. So, while an organization may have several hundred performance indicators only a handful are truly *key performance indicators*.

Where that line falls will owe a lot to one’s own personal judgement. For myself, I would argue that no more than half a dozen performance indicators can truly be key. Certainly, once one gets over a whole dozen there are too many for any one person to balance in their mind at one time.

So, it is good news that over a third of companies limit their KPIs to six or less. However, it is worrying that more have over 12 performance indicators considered key.

It is disappointing that nearly a quarter of responders occupy the grey zone, 7 to 12. While I may prefer just six is seven really that bad? And if seven why not eight?



**Figure 9 - Number of KPIs in use (LinkedIn poll)**

Answer	Responses	Percentage
1 to 6	5	31.00%
7 to 12	2	13.00%
13-20	1	6.00%
Over 20	8	50.00%
Responses	16	

The data from LinkedIn is similar to that from Google but has more responders with higher number of KPIs. Again, this data suffers from the limit of only four answers per question and a reduced number of responses, 16 in this case.

### How many KPIs?

Setting a limit of six KPIs for any organization is something of a simple answer to a complex question. How many might depend on how big the organization is, how many employees it has, or business units it is divided into and how many distinct markets it operates in. It also depends on just what a *key performance indicator* is.

In his book *Key Performance Indicators* David Parmenter suggest an organization with 500 full time employees might have 10 KPIs (Parmenter, 2020). However, to this he adds another 10 key results indicators and up to 80 results indicators and performance indicators (combined). This division between different types of indicators seems both rational and useful but is seldom made in practice.

The original *Balance Scorecard* description advocates “a handful of measures” (Kaplan and Norton, 1992) grouped into four “perspectives.” While the authors do not specifically suggest the numbers of measures their examples have three or four measurements tied to goals. This would suggest an upper limit of 12 to 16 metrics. However, they also note that companies often suffer from a proliferation of metrics.

## ***Longitudinal analysis***

As interesting as the individual question results are what is more interesting to know is how these answers fit together. One might assume that companies that report regularly on their KPIs have defined those KPIs and have the discipline to limit the number of KPIs. Equally, one might expect companies which have many KPIs to be weak on defining and reporting.

It is possible to identify several groups of responder: the effective and the several almost effective.

For the following scenarios only the 71 using KPIs either alone or in combination with OKRs were considered. Thus, all percentages are relative to a sample of 71.

### **Group 1: Effective KPI users**

KPIs are defined and reported on: 46.5% (33 of 71)

This group might be considered to be using KPIs effectively. KPIs are defined and reported on, either monthly or via a dashboard.

With approximately 60% of companies using KPIs this would suggest some 30% of companies overall were effective in using KPIs, although this might figure might be regarded as a *best case approximation*.

These figures present the classic “glass half full” or “glass half empty” conundrum – half of companies are have effective KPIs and half don’t. One might say that with half of all companies using KPIs defining and monitoring them things are good. But equally, one might say, over half of companies could improve.

One responder in this effective group commented that “I feel like we can be better with KPIs” which indicates that even a half-full organization may still benefit from looking again at KPI usage. (This responder has 1-6 KPIs).

One possible are of improvement would be to socialise the KPI definitions more widely. Even in this group slightly under half of responders said that KPI definitions were not widely known.

Over 42% (14) of these responders reported their organization has no more than 6 KPIs. This represents nearly 20% of all those using KPIs and indicates significant thought has gone into KPI usage. It would be interesting to know how successful these companies are.

Within this group on responder comments that “Our KPI require quite some effort to ensure data quality to ensure trustworthiness in KPIs” which would suggest some of the cost of a KPI model. One would hope this effort is not on going.

Another 9% of responders use between 7 and 12 KPIs. Added together this would mean that half of the effective KPI responders are even more effective.

Nearly 60% of group 1 responders say that have more than more than 12 KPIs, with a full 18% having over 50. This too suggests room for improvement.

### **Group 2: Good but no report**

KPIs defined but not reported on 9% (6 out of 71)

There is a small group of companies who use KPIs and have defined them but fail to report on them. Most of these companies have ad hoc reporting.

For this group the move to regular, structured, reporting could represent “low hanging fruit,” much of the work is done, they now need to finish the job to recognize the benefits. Such a change could make a significant improvement in KPI usage.

### **Group 3: Mixed KPI definitions**

A second group of KPI users who are close to be effective are those with mixed definition, e.g. some KPIs are well defined while others are not. There are 28% (20) responders report mixed KPIs. 15 of these (21% of the total using KPIs) say regular reporting is occurring.

For this group one would think it was relatively easy to pin down the KPI definitions or remove KPI designation of vaguely defined numbers which would promote effectiveness. Although, one wonders why this has not already happened so maybe it isn't that easy. Claiming this “low hanging fruit” may require a degree of discipline the organizations cannot demonstrate.

More troubling to my mind are those who are reporting regularly reporting on KPIs which are not well defined. It is hard to understand how a report of any sort can include a poorly defined number. Maybe the number is omitted from the report, or it is estimated in private. In either case it seems to conflict with the KPI approach.

### **Other groups**

While it would be nice to identify other clusters in the data, e.g. those with over 50 KPIs have no reporting, there is no clear pattern from this data set. While a sample of 71 KPI responders is not irrelevant most of the subgroupings are too small to draw any firm conclusions on.

It is tempting to quote Tolstoy: "All happy families resemble one another, each unhappy family is unhappy in its own way" and claim that successful KPI companies are successful in a particular way. However, the danger is that happy families (aka glass half-full companies) are considered happy because they have these attributes. Undoubtedly there are many ways for a companies to do KPIs poorly but apart from judging “correct use of KPIs” it is hard to say which are the successful companies. It is entirely possible that effective KPI companies – defined,

regular reports and limited numbers – are under performing on other metric, e.g. financial.

## ***KPIs and OKRs***

While it was not the intention of this survey to compare KPI usage against OKR usage the results are nether the less interesting.

KPI usage at 63% seems to be almost the norm. Of these most responders are combining KPIs with OKRs. This author has questioned whether this approach makes sense in all situation (Kelly, 2026). With less than half of KPI users demonstrating KPI maturity the question deserves deeper consideration in each case.

OKRs on the other hand are seldom used alone, 9%, they are more likely to be combined with KPIs, 40.5%. While KPI usage might be considered mainstream, OKR usage still lags.

Clearly the question of the previous paper “How are KPIs and OKRs combined?” is an issue for many organizations.

	<b>Count</b>	<b>% of total</b>	<b>% using one or other</b>
KPIs & OKRs	45	40.54%	55.56%
KPIs alone	26	23.42%	32.10%
<b>KPI total</b>	<b>71</b>	<b>63.96%</b>	<b>87.65%</b>
OKR and KPI	45	40.54%	55.56%
OKR alone	10	9.01%	12.35%
<b>OKR total</b>	<b>55</b>	<b>49.55%</b>	<b>67.90%</b>

I have a concern that KPI metrics are often used as key results in OKRs. I think the model is that some idea is promoted to objective, then existing KPIs are targeted as key results. The comments on the survey seem to provide evidence that this is happening.

This is the wrong way of doing things. Really, the company, specifically the team, should come up with an idea of how they can make the product, service or company, better. They then craft key results to measure the change they plan to make. In the process, making things better, should support improved KPIs. Indeed, if a change runs counter to KPIs then it deserves questioning. Directly targeting KPIs risks invoking Goodhart’s Law and thereby undermining the value of the KPIs.

Additionally, this approach detracts from the team’s autonomy and short-circuits discussions on how to measure improvement initiatives. This in turn makes reduces the value add of the team, may be demotivating and misses an opportunity to enrol the team and their combined brain power.

## Comments

I received a large verity of comments via the survey itself, in LinkedIn comments and a few direct messages and e-mails. Some of the comments are useful in providing context and supporting, or refuting, the qualitative observations.

Here I try present most of the comments from Google and add my own comments. Unfortunately, it has proved impractical to analyse the comments received in other sources in this document. Where appropriate comments are grouped together. A few of the comments have already appeared to illustrate questions.

## Effort

*I think the effort of measuring KPIs is the challenge*

*Our KPI require quite some effort to ensure data quality to ensure trustworthiness in KPIs*

*They take a crazy amount of time to calculate because no one can figure out how to automate them. I often think I am generating them to reassure the owners I am doing my job well. (They do work in that regard)*

*the main [challenge to setting up KPIs] is having the time is someone having the time to drive this forward.*

Several responders commented on the effort required to produce KPIs and several more cited the effort involved as one of the challenged they faced. This shows that KPIs are no “free lunch” and while they can deliver benefit, if not done efficiently the effort and cost may make them counterproductive.

The increasing digitisation of business should make it possible to connect reporting systems directly to the source of the data. However, this is often easier said then done: not all systems expose data via an API or other connection point, there may be firewalls or security issues to address.

While many of these problems can be overcome doing so will require effort, time and money. An integrated KPI reporting system may struggle against other priorities. However, without such a system KPIs will themselves represent a drain on resources and, unlike a reporting system, will not show up on a budget request.

Any decision to adopt KPIs, or to continue their use, needs strategically consider the benefits against costs.

## Layers and divisions

*The KPIs are mostly on level department, thus the number. KR are always delayed to be prepared by the management and not shared transparently (not ready in March for the current year...)*

*Some KPIs are at an enterprise level, others department, region or division dependant. Some are external facing, some compliance (eg ESGs). We're currently looking at creating a KPI register and formally recording & defining them.*

*I'm not senior in my organisation, so KPIs may well be used in senior leadership or other teams. My team has no local or organisation KPIs defined that have been shared with me.*

*only used and known at c-level*

*The org is a plc with ~800 employees, various departments have different levels of adoption and maturity using KPIs and OKRs*

*My answers are for the part of the business that I'm in -- across the whole business there will be very many more KPIs than the 1-6 range I've mentioned. However, NPS is a widely used KPI across the business.*

*We would like to have KPIs at multiple levels, ie overall business health, health of our Product or product areas, Delivery KPIs*

It is probably inevitably that in any large, multi-product or division based, company there will be different KPIs in different divisions. This will add to the total number in an organization but should not increase the load on individuals.

It also seems logical that at different layers of the company people will focus on different KPIs. This raises the question of transparency. For executive to have "secret KPIs" seems not only dishonest but shortsighted, this misses an opportunity to engage junior staff, align their work and use their insights. If staff know the KPIs the company are concerned with, and understand what effects them, then staff can act accordingly.

Of course, how this KPIs are shared and divided opens up a multitude of variation in how a system will operate.

*I feel they are often distant from the day-to-day work of what people are actually doing.*

*They are only useful if the teams given the KPIs feel they are relevant to them and that they have the means of control in their hands to achieve the KPI.*

Almost the opposite of the previous position: asking staff to act on KPIs which are not relevant to their work is not only pointless but potentially demotivating.

These contrary positions demonstrates that KPIs are no "free lunch" and need careful consideration.

One further comment described how a higher education institute applied KPIs to their products: degrees. This allows monitor of degrees, and facilitates accreditation and governance decisions. In effect, this treats the degree as a product. This approach seems eminently sensible, this "product dashboard" approach offers yet another variation on how companies can use KPIs.

## **Confusion**

*Do we need these as well as OKRs? If we work with clear measurable key results, are they needed? We are very very OKR focused. We set these each half, have targets for each month, and track how much of our work aligns to OKRs. We collaborate between leaders and teams on setting these.*

*"KPIs are often conflated with Key Results in relation to objectives.*

*It also seems like some people have learned about using and writing KPIs and OKRs from different conflicting sources, so there is a bit of a lack of consistency between different business domains."*

*Very little 'organic' consensus from people about what exactly they mean when they say KPI, goal, target, metric, measure, etc.*

*They've been brought in as the solution to productivity but I don't think any[one] has thought about how they can be interpreted*

*It is a very mixed bag across the corporation with various levels of maturity*

*We do seem to now be using okrs and kpis in different places. Doesn't feel aligned*

It appears I am not alone in finding KPIs confusing!

I find evidence in these comments for my position that OKRs are not needed if the company has a established KPI reporting and actioning processes (Type-2 KPIs.) Equally, OKRs can be useful without KPIs and the two may be combined (Type-3 KPIs). But in all cases someone needs to establish a model of how KPIs and OKRs are going to work – and define the terminology.

Another comment reinforces the idea that poor explanation of KPIs leads to more confusion:

*KPI are often seen as targets (as targets are not really clear) and normally KPI fulfilment is measured and not really target achievement! Quite often impact on KPis are very limited as KPis are very abstracts (earning per share, internationalization,...)*

While I have commented on the use of KPIs elsewhere in this document this comments suggests that confusion of KPIs as targets also exists. Where confusion exists it must always be the responsibility of management as they are responsible for ensuring that staff understand the systems they work too.

I struggle to know what to make of this comment:

*Our Organisation KPI's are set yearly. If the[y] are not realized the can be become an OKR. In our maturity journey we would like all teams to create and monitor their own KPI's.*

This sounds like the leadership has explained their thinking very badly – possibly because their thinking is itself confused. It is possible the leaders want to use the first year as a measurement exercise, and then, create action for those measurements which do not meet expectations. However, a year seems to be a very long time to measure something. Whatever is happening here there is room for improvement.

## Strategy

*"... The [challenge] is the business' lack of strategy and general poor understanding of data. ...*

*Perhaps in the Absence of a formal strategy except 'sell more stuff' KPIs can provide some?"*

While this author sees scenarios were OKRs can drive the emergence of a strategy it is harder to see how KPIs would drive a strategy. With OKRs the quarterly close and setting of objectives can be used to question broader goals and mechanisms.

KPIs are not commonly reset on such a regular basis, nor are they always linked to action.

Therefore it is difficult to see how KPIs can be used to create strategy.

Quite possibly “sell more stuff” is the default strategy of most businesses. That does not mean it is either a particular good or effective strategy. A fuller debate of business strategy is beyond this report. *Business Patterns for Software Developers* (Kelly, 2012) covers strategy in more details, indeed the book should probably have been titled “Business Strategy Patterns”. *Succeeding with OKRs in Agile* (Kelly, 2023) also discusses business strategy and the feedback OKRs can provide.

## Individual KPIs

*I think individual KPIs as an HR performance mechanism create a significant block to organisations' ability to understand them as a strategy & product delivery alignment tool, measured at organisation > division > team levels. I think the block starts with HR systems with remuneration falsely tied to performance metrics, so I wonder if starting with HR personnel could help organisations better adopt OKRs & KPIs.*

*We have blanket KPIs for each job title e.g. Account Director, Client Services Exec, etc. They are not aligned to individuals or the actual role each person does. For me they are a distraction from what I need to do daily to service my client. They are recorded quarterly and feed our bonus scheme. My line manager often passes me even though I haven't completed them because he acknowledges I don't have time in my day to achieve them. Pointless and demoralising.*

*"I have some weird KPIs, only my Manager knows about it, I'm yet to decode it. He seems to know the KPIs of all the job functions."*

*No matter what leadership says, usually KPIs are correlated with compensation and will affect bonuses. This leads to a large sort of new unexpected behaviours.*

Elsewhere this author has advised against tying remuneration to success with OKRs (Kelly, 2023), this advice extends to KPIs. When information metrics become targets they lose their value as information (Wikipedia, 2007).

Similar concerns have been raised by others, e.g. *The Tyranny of Metrics* (Muller, 2018) and Parmenter to advises against tying KPIs to remuneration saying “When KPIs are linked to pay, they create key political indicators (not key performance indicators).”

## Type-3 KPIs

*We use KPIs for monitoring output of well-established processes/workflows. OKRs are used for transformation*

*while OKRs are mostly about achieving objectives, like active development towards improving product, services, etc. KPIs are mostly describing the guardrails of the quality and performance, and customer metrics we have now. More than half of KR are written in a way they describe positive advancement of an equivalent KPI. Hope that makes sense.*

## KPI journey

*I would like to encourage my organisation to start using them but it feels like a massive hurdle to approach when OKRs have been tough to implement given our high expectations to be experimental/ mini CEOs*

*I've found out that an organization will need in average 4 cycles of quarterly OKRs to be able to adjust and define both temporary KPIs (tight to OKRs) and permanent KPIs (tight to the long term business just cause).*

*We've only been doing this at an organisational level for a couple of years. I think it's useful*

*Just like OKRs KPIs at our org are on a journey, our company fixates on 1 but we are just beginning to broaden that conversation!*

These comments would suggest that KPIs and OKRs are no quick fix. While benefits can appear early in adoption the full benefits take time. Every OKR cycle, and every KPI review, is a learning experience and things can always be made better.

*Last but not least, KPIs must stay stable enough to learn and flexible enough to avoid pitfalls.*

This responder makes an important observation: KPIs need to be stable so people can learn them and understand them. However, there are times when KPIs should change. I fear that if they same measures were used again and again as key results in OKRs – which the responder suggests elsewhere – then the OKRs would repeat month after month. This would lock the company into a very fixed and unchanging strategy and approach.

One challenge to changing KPIs is the difficulty of defining good ones:

*To define KPIs without side effects, that will actually help the organization move towards its mission is not an easy task.*

## Actual improvements?

This survey made no attempt to measure company success itself, so it is not possible to judge whether successful use of KPIs lead to greater success for the company.

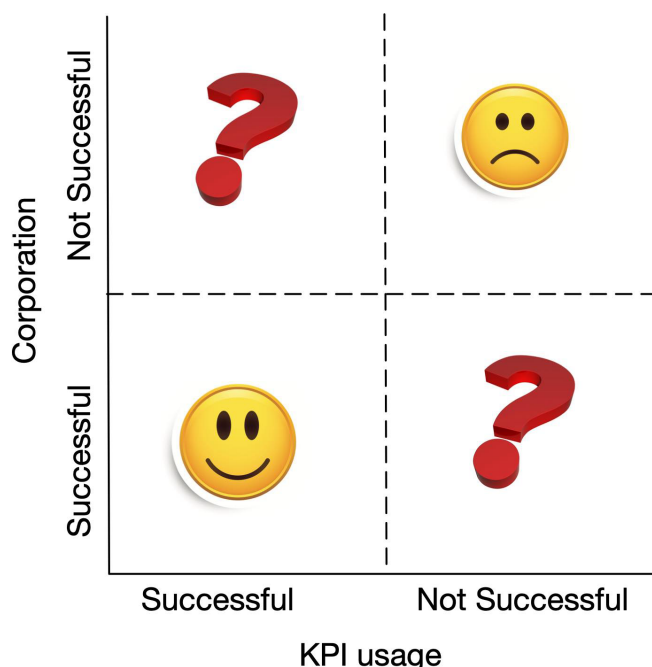
However, to approach this question would require one to define what constitutes company success – successful products, satisfied customers, improving financial returns, or something else? Indeed, it was the need balance competing goals which lead the *Balanced Scorecard* authors to suggest four perspectives: innovation and learning, customer, internal business and financial (Kaplan and Norton, 1992). More recently *triple bottom line* reporting aims to balance profit, people and planet in recognition of ESR/CSR responsibilities (Miller, 2020).

Then there is the question of how company success is measured. One can imagine many companies defining their success on “making their numbers” which would translate to “hitting the KPIs.” If company specific KPIs accurately describe success, then KPI success and company success are axiomatic. Equally, if KPIs are accurate proxies of company success then company success and KPI success are equivalent.

Of course, there are countless examples of companies which succeeding in meeting their numbers – KPIs, scorecards, bottom lines - yet then failed in one way of another. Consider Enron at the start of the century, all the numbers looked good but the company was rotten inside. Or the 2016 Wells Fargo cross selling scandal where employees opened multiple customer accounts to meet KPI targets. The last few years FTX crypto-exchange failure which saw CEO Sam Bankman Fried jailed for 25 years.

Alternatively, if one can define success measures independent of KPIs one might question whether the KPIs are the right KPIs to track.

There is a need to restrict the question to “Does successful KPI usage lead to company success?” One can consider four possibilities – arranged in a classic 2x2 matrix.



**Figure 10 - Corporation v. KPI success**

Examining the quadrants in Figure 10 the success/success quadrant at first appears simple: *companies which use KPIs successfully are successful*. Except, which is cause and which effect? One can imagine a successful company which is good at many things, when such a company adopts KPIs one can expect them to be successful. Maybe successful companies adopt KPIs.

However, one can equally argue that the power of KPIs is such that a company which successfully uses KPIs will see benefits elsewhere in their business. Maybe, it is KPIs which make the company successful.

Similar logic can be applied to the not successful/not successful quadrant. Does *failure to implement KPIs* condemn a company to failure? Or do *failing companies struggle* to implement KPIs.

The cause-and-effect riddle becomes more enigmatic when considering companies which are failing on one measure but not the other. The examples above show that good looking numbers do not guarantee a successful company, but could they cause failure? Could the need to meet numbers drive bad behaviour, or would bad behaviour occur anyway? Is it possible - as per the concerns of some survey responses - that the time and effort put into making KPIs successful distract a company from actually delivering business success?

Finally, could a successful company be successful despite KPIs? This seems the most difficult case of the four to imaging. Certainly, a successful company could not use KPIs – or other measurements. But could they actually be successful despite failing metrics?

In trying to answer these questions I have, of course, tried to find existing studies. So far, I have found little - although I am the first to admit I need to spend more time searching. There are multiple case studies of KPI use which claiming success, but so far no big systematic quantitative study supporting KPI use. The studies I have found so far fail to consider the cause-and-effect riddle. There are also plenty of anecdotal evidence of problems with KPI usage.

## ***Opportunities for improvement***

### **Getting effective at KPI use**

Of course, every company will have its own issues with KPI use, and reasons why they aren't as effective as they could be. Yet for companies not in group 1 (effective) there are three obvious steps to improve usage:

1. Define KPIs and make definitions available to all; invest in training about what each KPI measures and why it is important, so decisions and actions are aligned.
2. Ensure that KPIs are reported on at least monthly. Share the report as widely as possible. Work to make the collection and sharing of KPIs and report low effort, preferably automated.
3. Reduce the number of KPIs and stop people using the term casually; use other terms, e.g. performance indicator, to refer to metrics which are not key.

Companies might want to revisit the concept of *critical success factors* – CSFs. These are the forces which drive the performance indicators. While CSFs are often associates with KPIs the reverse is less common” KPIs are often discusses without reference to the factors which influence them.

While these points might seem obvious, they are clearly not obvious to come companies.

### **Getting more effective at KPIs**

Those who are already effective KPI users, group 1 (effective), companies there will still be opportunities for improvement – because there are always opportunities for improvement! Yet it is harder to write a generic prescription.

Drawing on the comments several opportunities which might be considered:

1. Tightening up the definition of KPIs and reducing the number. Redesignate those KPIs that are not really key as simply performance indicators. Understand, and explain widely, the drivers behind KPIs and what makes the biggest difference.
2. Seek to make data collection as easy as possible. Ideally this should be totally automated. Similarly make the resulting report, or dashboard, widely and easily .
3. Adopt a management philosophy of how KPIs relate to work and make sure everyone knows this. For example, are KPIs driving action drivers? Or are they a health check dashboard?
4. If KPIs are used as targets simply stop doing this.

While these suggestions echo those made to less effective companies they continue to hold true. As responders comments show, even effective companies can get better at the basics.

### **An effective business?**

Of course, being effective at KPIs does not mean that the business itself is effective. If one believes the supporters of KPIs then this is a given. It follows that undertaking work to improve the KPIs measurements themselves will lead to a better business.

At least one study claim to have evidence that KPIs lead to organizational effectiveness (Kushariyadi et al., 2025). However, this study proves correlation rather than causation and lacks a control group of companies not using KPIs. It is entirely possible that all companies try using KPIs but then only some effective ones continue using them. Survivors bias means companies which find KPIs to be ineffective, or find them to be costly, stop using them, after which any survey of KPI using companies will find them effective.

A small meta study of KPIs and OKRs in Columbia also claims both techniques brought benefits: “companies that have successfully implemented KPIs and OKRs report notable improvements in their operational efficiency, greater strategic alignment, and an increase in their capacity to adapt to market changes” (Lopez Lopez et al., 2025). While the analysis does not consider survivors bias the study does suggest that it was the application of KPIs and/or OKRs that lead to improvement.

Undoubtedly collecting, reporting and acting on KPIs will cost both time and money. Survey comments suggest that some small businesses don't feel these costs are justified. This connection might be worth another paper in its own right. However, it does beg the question: does effective KPI reporting lead to a more successful, and bigger business? Or, do bigger businesses adopt KPIs?

Assuming that using KPIs effectively will allow a business to grow, increase sales, create products and generally become more effective, then: *should a business look to improve KPIs directly?* e.g. setting up KPI improvement programmes or establishing targets for KPIs. Or should a business seek to become more effective

and use the KPIs to monitor progress? This quandary takes us back to the early discussion of Type-2 and Type-3 KPIs.

Again, a discussion of critical success factors may be appropriate here. Rather than target the performance indicator itself it may well be better to work on improving the success factor underlying the metric. Analytical and modelling techniques exist to help understand where interventions can have the greatest impact, e.g. sensitivity analysis.

### ***Type 1, 2, 3 KPIs***

My starting point for this research was wanting to find out how valid my classification of KPIs into types 1, 2 and 3 were.

**Type 1:** Informal, Teams and companies talk about KPIs and many numbers are called Key Performance Indicators but there is no agreement on what the important, key, KPIs are. Nor is there any definition what a so-called KPI actually measures or how it is measured and calculated. Consequently, there are many informal KPIs.

**Type 2:** Formal and targeted. There are a recognised and limited number of well-defined KPIs. Not only does the company set targets for KPI measurement but they may well draw up action plans to achieve those targets.

**Type-3:** Monitor KPIs, well defined but they are not targeted directly. Rather, KPIs are used to monitor the organisation and check it is moving in the right direction and not getting out of balance. Similar to *Balance Scorecard* (Kaplan and Norton, 1992).

While the survey is informative here it doesn't answer the question completely. Possibly the type 1, 2, 3 classification is simply a useful model for discussing alternative KPI models.

Type-1 seems the most vindicated. It is clear, that in many organizations, KPIs are poorly defined, even informal, reporting is lacking and I would surmise there is disagreement over what is key and what is simply a performance indicator.

With these results I would go further and suggest that type 1 KPIs are not working effectively. This may account for half of all companies. For such companies the question should be: does the current costs of KPIs justify the benefits? Would the company be better off discontinuing KPIs (and saving costs) or investing to obtain the promised benefits.

There is plenty of evidence that in many companies KPIs are formally defined and monitors, so type 2 and 3 are not disproven. However, this survey does not probe into how those KPIs are used. The comments section sheds some light on this. Some companies certainly do, for better or worse, use targets with KPIs.

Undoubtedly type-2 KPIs exist: some companies use set targets for KPIs and create programmes to deliver that target. This approach is recommended by some authorities. However, this approach risks running into Goodhart's Law:

“Any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes.” Charles Goodhart (Wikipedia, 2007)

Also interpreted as:

“When used as a target a statistical regularity will change behaviour and thus lose its information capacity.”

For example, a shop that sets sales revenue as a KPI and establishes a target to increase that KPI may find staff engaging in counterproductive behaviour. Staff might offer discounts which increase revenue but reduce profit, more items sold at a lower price will mean more work selling and restocking. Maybe staff encourage customers to buy inappropriately and thus cause returns to increase. Such behaviour is sometimes called “gaming the system.”

In the case of Wells Fargo staff met cross-selling targets by encouraging customers to buy unnecessary products. Worse still staff “sold” customer new products without the customer knowledge. The Department of Justice fined Wells Fargo \$2.5 billion, Securities and Exchange Commission \$500 million and CEO lost his job and the valuation lost several billions. (Foley, and Palma, 2026)

Targeting KPIs like this increases the resemblance to OKRs. Indeed, if OKRs cite the same KPIs as key results then they are almost identical. At this point one should question whether using both makes sense. However, as always suggested this might not be the best way of using KPIs.

When using KPIs as a health dashboard / scorecard, i.e. type 3 KPIs then there is logic in adding OKRs to the process. Used like this KPIs are independent measures of performance. Therefore, KPIs are simply information and are free of targets. OKRs do not target KPI improvement directly, they explore hypothesis and might act on critical success factors. This Goodhart’s law is less of a concern. Using in this mode KPIs are likely to be lagging indicators and track actual performance.

This model allows OKRs to focus on action to improving performance while KPIs serve as the long-term tracker. The objective concerns the performance itself and the key results describe quantified targets which, it is assumed, indicate that performance will improve.

Here the key results of OKRs are leading indicators and the objective describes a hypothesis about improvement. If the hypothesis is correct, and action improves the key results then, at a later date, the KPI will improve. If the key results improve but the KPI does not, then the hypothesis was wrong.

For example, a shop sets a KPI about sales revenue. The KPI is based on actual sales and reported on. Wanting to improve sales an OKR is designed:

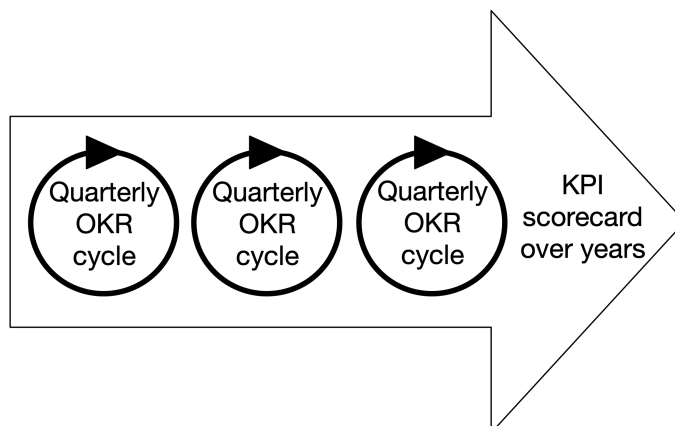
**Objective:** Refreshed store interior will increase retail sales over next two quarters.

**Key results:**

- 20% of shops have refreshed interior.
- Floor space for changing rooms increased by 10%.
- Customer survey shows 25% more visitors believe store looks good.

There is a hypothesis here that refreshed store design will lead to increased sales. The first two key results are lagging indicators showing progress against refurbishment but leading indicators of future sales, if the hypothesis holds. The

third is a soft lagging indicator but one which should be available before sales data and again serves as a possible leading indicator of sales. While initial sales might increase immediately after refurbishment (as customers flock to see the new store) it will take weeks, possibly months, to know if the changes have a lasting effect.



**Figure 11 - OKRs are changed regularly while KPIs are long lasting**

Used like this the KPI/OKR pairing resolves the debate over lagging v. leading indicators. KPIs would always use lagging indicators, and it is accepted that changes take time to propagate through a system. OKR might use more specific lagging indicators (e.g. actual number of stores refreshed) but could use leading indicators suggested by the hypothesis (e.g. increase in potential customers liking the store will lead to more sales.)

While OKRs are reset every few months – typically quarterly – to implement a change or test a new hypothesis, KPIs are long lasting and monitored over years, Figure 11.

### ***Where next? (Further research)***

By academic standards this author has worked back to front. While the previous paper was based on some research it was largely a intuitive logical discussion of how KPIs and OKRs can be combined. In researching and writing that paper it became clear that the implementation of KPIs is highly variable. Hence the surveys described here.

There are a number of further questions which it would be useful to examine concerning KPIs, and to a lesser degree OKRs – listed below. However, some of these questions might equally be answered by reviewing existing studies and literature.

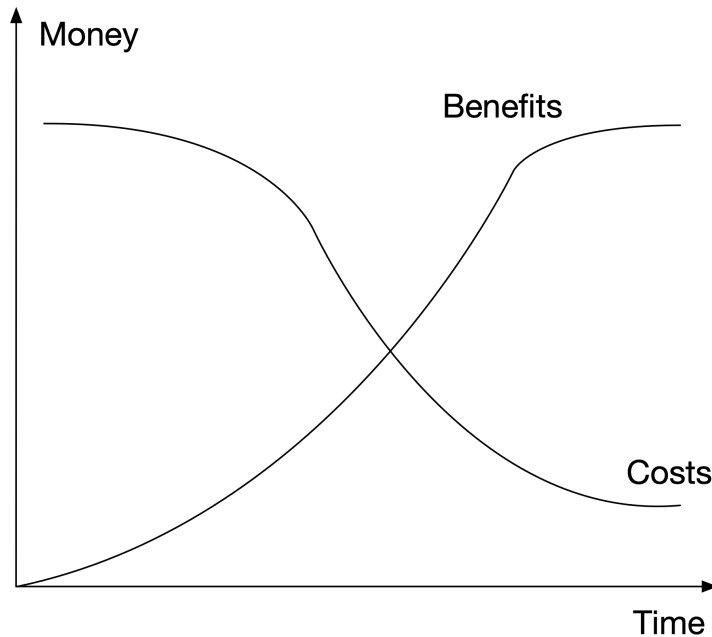
Therefore, to complete the reverse academic process a logical next step would be to review some of the existing KPI research, and possibly more surveys and research.

### ***Maturity***

One might reasonably assume that it takes time for a company to become proficient at establishing, measuring and reporting KPIs. It would also be interesting to see how long it takes a company from introduction to mature use.

As maturity increases one might expect benefits to increase while costs of operating the KPIs system decline. One can hypothesize two opposing S curves - Figure 12. In the beginning the company must carry the costs of investing in KPIs - deciding and defining the KPIs to measure, implementing tracking systems, building dashboards and training staff in what they mean and how to use them. While costs decline over time they will never reach zero, business and technology changes, and new staff are hired.

Since there are no benefits at the beginning the KPIs will cost the company money. Over time systems bed in benefits will increase at the same time as costs fall. Eventually the benefits will outweigh the costs.



**Figure 12 - KPI cost/benefits over time**

### ***KPI usage by sectors***

Interpretation of the questions in this survey would be greatly enhanced if participant organizations were known. Knowing the sector, company size and region the answers come from would add a new dimension to the analysis.

KPIs are used by a vast range of companies, from banking to manufacturing, from technology or farming. There are multiple questions which could be examined on a sectorial basis:

- Understanding which sectors used KPI and which did not
- Which sectors are successful and which struggle
- Do KPI use practices vary across sectors?

A similar analysis might look at state and regional difference. Do Germany companies use KPIs more or less than American? Does the absence of KPIs account for the underperformance of British management?

Similarly, and drawing on survey comments, the relationship between KPI usage and company size is fascinating. It would be useful to know how usages differs

between large and small companies. One might also investigate the lower cut-off for KPI usage” is there a size below which KPIs are not practical?

Further, do KPIs help drive bigger companies? Or do bigger companies adopt KPIs to manage their size?

### ***Effectiveness***

Are companies which use KPIs more effective than those who don't? Are products better? Customers happier? Revenue more secure and growth larger?

This could be expanded to consider the different type of KPI. While Type-1 KPIs may appear too lax to be useful they may still be beneficial.

### ***Success***

Continuing on from effectiveness is the question as to whether companies which use KPIs are more successful because they use KPIs or whether they are successful and therefore use KPIs. Getting a clear definition of what constitutes success, how it can be measured and which way cause-and-effect runs would help greatly.

It would also be worth exploring individual opinions on KPI effectiveness and success. The survey comments, and texts from other authors, frequently highlight the problems that come with KPIs, e.g. time and effort and metric fixation. In addition to considering corporate success it would be useful to look at individual attitudes to success and whether KPIs were seen as supporting success or obstructing success.

### ***Advice on use***

There is vast scope to investigate how companies actually use KPIs and what the most effective practices are. This might also help shed light on when targets create problems.

This research could be conducted through new case studies or mining existing reports.

### ***Difference inside companies***

Several of the free form comments in this survey mention that other parts of the same company would not respond the same. It would be interesting to investigate how, within one enterprise, KPIs and OKRs are used differently.

Even within a single department it is possible to get different answers. For example, one respondent might think that KPI definitions are widely known while a colleague might perceive them as guarded.

Additionally, the gap between stated policy and usage – as found in a handbook – and actual praxis in use – the interpretation and usage.

### ***Type-2, type-3 and targets***

The author still wishes to resolve the division between Type-2 and Type-3, run the business and monitor the business, type usage of KPIs. In particular: how are KPIs

used to drive action plans in the absence of OKRs, and does such usage differ from OKR usage.

The use of targets with KPIs opens up another point of variation worth exploring. KPIs by themselves do not force the use of targets. There is nothing about targets in the expression “key performance indicators” yet many automatically assume KPIs are part of a targeting regime. Indeed, not only are there authors who describe KPIs as such it can seem hard to avoid falling into the “what do you want the number to be?” discussion.

It is clear from the survey responses that targets are frequently set for KPIs. Type-2 KPIs tend to imply targets. It would be interesting to explore how approaches, and success, differs between companies which target KPIs and those who use them for purely informational purposes.

### ***Authors closing note***

This author feels like he has jumped down a KPI rabbit hole. Indeed, this is not the first time; he has jumped down the same rabbit hole at least twice before. In doing so I have proved Richard Feynman correct when he said: “I do know that *everything is interesting* if you go into it deeply enough.”

On the face of it KPIs are metrics for measuring business success. But the closer one looks at what that means, what business success means, how companies use KPIs – formally and informally, how they interact with other tools – and the vast variation in how different companies use them the greater the questions I see. And the deeper the rabbit hole becomes.

It would be easy to switch off to KPIs and say, as I suspect many employees do: “They are meaningless numbers managers use. Nod and ignore them.” This might well be the right thing to do for a simpler and more contented life.

Yet I can’t help feeling that when such a common management tool is used badly and ineffectively then opportunities are missed. I see massive room for improvement in most KPI implementation. I also see that poor and ineffective use of KPIs is probably worse than nothing.

When a company is using KPIs poorly the best answer might well be to fix the problems and reap the benefits. The second-best solution may well be to scrape the whole system save the costs, the effort and the gaming that is often associated with KPIs.

### ***Thanks***

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## ***About the author***

Allan Kelly is a product leader with deep experience of digital product strategy and delivery. Successes include project rescue, business turn around and smoothing client-supplier relationships.

He creates structure, institutionalises operational excellence and builds high-performing cultures using product thinking, agile working and OKRs.

Allan is a regular conference speaker and author of multiple books including the best selling "Succeeding with OKRs in Agile", "The Art of Agile Product Ownership" and "Business Patterns for Software Developers" (which he wishes he'd entitled "Strategy patterns for software products").

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