

KPI Metrics

a HandiGuide®

2023 Edition



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KPI Metrics HandiGuide

Introduction

Historical Perspective

Over the last few decades, the working world has been inundated with computers, social media, and new technologies. Few people have understood them but everyone has needed them. Since the cost of this technology was and remains high, many attempts have been made to create meaningful measures and metrics. Most have failed in their primary objective -- to show the value and efficiencies of the application of these technologies in the enterprise. This has resulted in a total lack of consistent operational and performance measures.

Traditionalists have tried to measure the efficiency of computer equipment, communications equipment, and the processing of data. Management has continued to ask how a percentage of utilization on a computer will impact customer service or the bottom line.

Earlier incarnations of metrics were called Critical Success Factors (CSFs). Today the term Key Performance Indicators (KPIs) is in vogue.

Some examples of KPIs and their drivers are:

KPI / Metric Driver		Driver
Click-throughs to the website Tweets, blogs published - soci networking interactions		Tweets, blogs published - social networking interactions
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By monitoring KPIs, you are ensuring that the daily activities necessary to support your company's goals and ultimate success are being carried out. You may, of course, discover that there is a weak correlation between your company's KPIs and KPIs. That can be a good thing, as it will prompt you to identify different KPIs, and it could prompt your firm to change the activities it emphasizes.

Imagine going to South Florida after a hurricane and seeing all the roofs that blew off. A comment that new building codes are required would be expected but is not adequate. That response did not help when the hurricane was there. The same is true for after-the-fact reporting of KPI performance. It is managed by "rearview mirror".



Responsibilities

The embedding of computers into virtually every enterprise function and process dictates that Internet and IT operations cannot be viewed as a minor technical matter falling under the exclusive purview of the operations management community. On the contrary, the vital functions of the computers and the potential impact upon the enterprise of system shortcomings make Internet and IT (including PDA⁶, PC, LAN, and Work Station) operations a serious concern of all levels of enterprise management.

The objective of an enterprise Internet and IT management process is to achieve an effective and cost-beneficial operating posture for the enterprise's Internet and IT environment. Attainment of this objective requires a balanced combination of problem recognition, resource allocation, and policy focus to implement an effective program.

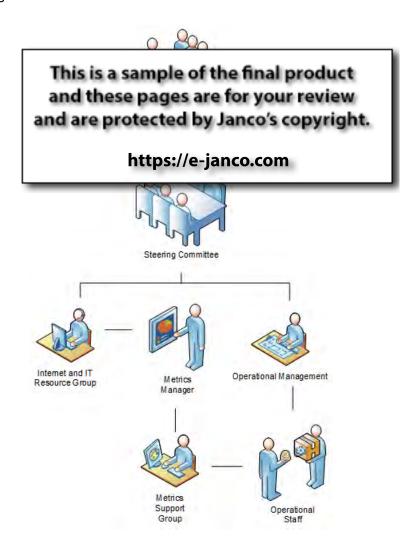


Figure 2 - Organizational Responsibilities

⁶ Personal Digital Assistant.



groups. In those cases, a "centralized" group often sets policies and standards that the operational groups will follow.

			Systems	Applications
Data & Mobility		Production	Development Group	End Users
		Test	Software Engineering	Application Support Group
Software		Production	Development Group	Development Group
		Test	Software Engineering	Application Support Group
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Addres			ppinient Group	
Mobility -BYOD				
Documentation		Application Support Group		

Figure 3 - Responsibility Matrix

Support Managers

The Support Manager is the manager responsible for the operating integrity of a system. This manager must be at the Vice President or General Manager level or above. The individual is responsible for requesting the appropriate establishment or modification of the access control restrictions⁸ for an IT resource. This request requires the approval of the owner of that resource.

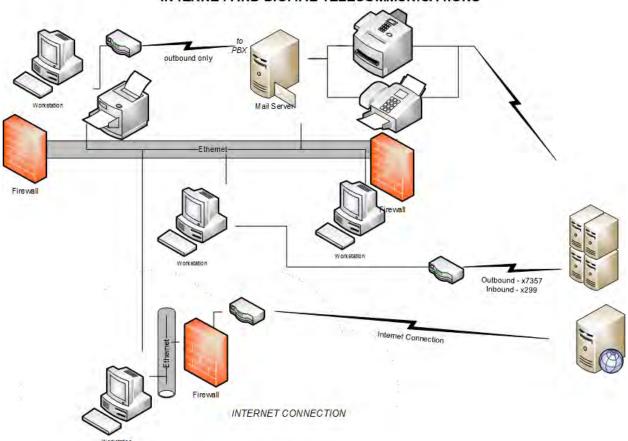
See the Security Manual Template at <u>e-janco.com/Security.htm</u>



Policies and procedures need to be in place to not only protect the information but also to see that if any 'disaster' occurs the enterprise can function. Tools to aid in this are:

- Disaster Recovery / Business Continuity Plan Template https://www.e-janco.com/drp.htm
- Security Manual Template https://www.e-janco.com/security.htm

SAMPLE CONFIGURATION INTERNET AND DIGITAL TELECOMMUNICATIONS



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hout a brief description of its

key characteristics. These are presented as a basis for understanding the discussion of security that follows. They are not intended to provide the reader with a comprehensive understanding of the Internet. For that, we suggest that the reader obtain one of several books on the subject. In response to security



KPI Metrics Process

KPI Metrics Design

Many organizations do not have a good mechanism for reporting on the value of the IT function. Typically, the reporting exists in either traditional financial accounting measures, which are bogged down in cost distribution, or detailed technical data that shows the efficiency of the usage of the computer hardware. Neither of these approaches addresses the value added by technologists.

A good KPI Metric and reporting process should meet the needs of several different audiences. This includes senior enterprise management, IT management, internal customers, and external customers. At the same time, it must help the enterprise achieve its business strategy while providing positive and negative feedback to the IT staff.



Figure 14 - Process Overview

In the course of developing a management reporting process for the IT function, these are three issues that need to be understood before idea one is put on paper. First and foremost is to understand what works well for one company, in one industry, may not work well for another company, in the same industry down the street. Corporate culture does play an important part in the process. Therefore, anything that we present here must be applied to an enterprise with its culture in mind.



Financial

The financial reports are typically reported on a month-to-month basis. For the sake of presentation, we prefer to show thirteen months. In this way, the metric report provides traditional year-to-date information and a comparison of the same month this year and last year.

	Technology Senior Management	Technology Operating Group Management	Enterprise Senior Management	Enterprise Operating Group Management
Key Measures Report	Yes	Yes	Yes	Yes
Expense Summary	Yes	Groups	Part-Year	Optional
Expense Variance by Category	Yes	Groups	Part-Year	Optional
Expense Variance by Cost Center	Yes	Groups	Part-Year	Optional
Capital Plan Performance	Yes	Groups	Yes	Optional
Project Capital Expenditures	Yes	Groups	Optional	Yes
Billing Allocation	Yes	Groups	Yes	Yes

System Usage by Cus

Resource Usage by Cu

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KPI Metrics

One of the givens of the world of metrics is the fact that once you measure and report something you modify the results and behavior of the items and people being measured. Given this preamble, we have found that there are 11 areas where metrics matter in the IT world. The areas are:

- Financial
- Staffing²⁰
- Competitive/Comparative
- Productivity
- System Development
- IT Infrastructure
- Quality Assurance
- Help Desk
- Computer Operations
- Internet Electronic Infrastructure
- Communications
- Other Technology
- Enterprise/Industry Specific

The reports are intended to be grouped in packages for the recipients. Besides, all of the reports are not produced in each period.

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o many in the ort. The marketing ariance for the marketing department of while others are

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in the table that

follows before proceeding to the individual metrics and format presented in each report.

As we progress, we will define a series of rules that should be followed in the creation of your metrics systems. What follows is a table of contents for the metrics of a 2.3-billion-dollar corporation. This can be used as a guide for the level of metric reporting that your enterprise may want to implement.

In the report samples section that follows, most of the report templates for this sample metrics package are presented.

This set of reports will vary more than most of the others presented based on the organizational structure used by the enterprise.



Report Categories

Category	Report Name
Financial	Key Measures Report Expense Performance Summary Expense Variance by Category Expense Variance by Cost Center Capital Plan Performance Project Capital Expenditures Billing Allocation System Usage by Customer Resource Usage by Customer
Staffing	Staff Plan Performance Head Count Summary Staff Turnover Report Protected Classes Summary
Internet Electronic Infrastructure	User Penetration E-Mail Traffic Blog/Social Media Traffic WEB Site Statistics Electronic Commerce Volume High/Low Volume Users
Competitive/ Comparative	Revenue & Capital Expenses & Staffing Competitive Application Matrix Technology Penetration Trends
Productivity	Development Productivity

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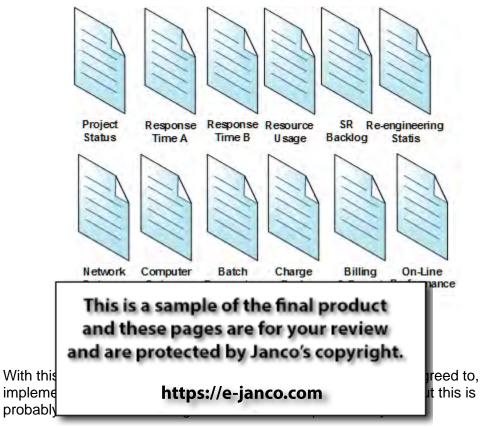
	E-Mail Usage	1
	Voice Mail Usage	ı
	Wireless Statistics	ı
	Project Status Report	l
Quality Assurance	Test Results by Release Release Test Comparison (Special)	
	Customer Satisfaction Quality Improvement Program	

Figure 19 - Report Categories - Part 1 of 2



SLA Report Package

In the course of developing SLAs for the enterprise, it is important to communicate the service level that the user is receiving. Using the IT Report package as a basis let us suggest the sets of reports that should be included with the SLAs.



The formal SLA should be signed by both the user and the Internet and IT management. The agreement should contain at least the following components:

- Processing volume statistics in user terms.
- Cost for some time is based on whatever pricing method is agreed to by all parties.
- Forecast of each of the metrics in the SLA reporting package.
- Performance standards.
- Terms and conditions for performance and non-performance by both parties.

This is not an all-inclusive list but it covers most of the components that we have seen in organizations that have implemented a successful SLA process.



Report Table of Contents

Financial			
Expense Performante Expense Variar Expense Variar Capital Plan Performante Expense Variar Project Capital Billing Allocatio	Reportrmance Summarynce by Categorynce by Cost CentererformanceExpendituresby Customer		_
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Staff Plan Perfo Head Count Su	https://	e-janco.com	- 1
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Key Measures Report

This overview report shows IT Expenses, IT Staffing, On-Line Availability, and Billing Performance. As this is a summary report, all information reflected in the four graphs is contained elsewhere in the reporting package. This report is intended initially for the CIO only; however, it may be used in presentations to executive management.

The data for this report is copied from other reports. There is no need for additional data entries. Refer to the other reports which contain the details of the summary data. The comments therein apply to this report as well.

Many organizations place some industry-specific measures on this report. For example, one entertainment client includes the number of CDs shipped as a key metric of volume. In another case, a manufacturing company lists the cost of IT per finished good item. In this way, this report becomes the overall report card for the cost and value of IT to the enterprise.

KPI Metrics

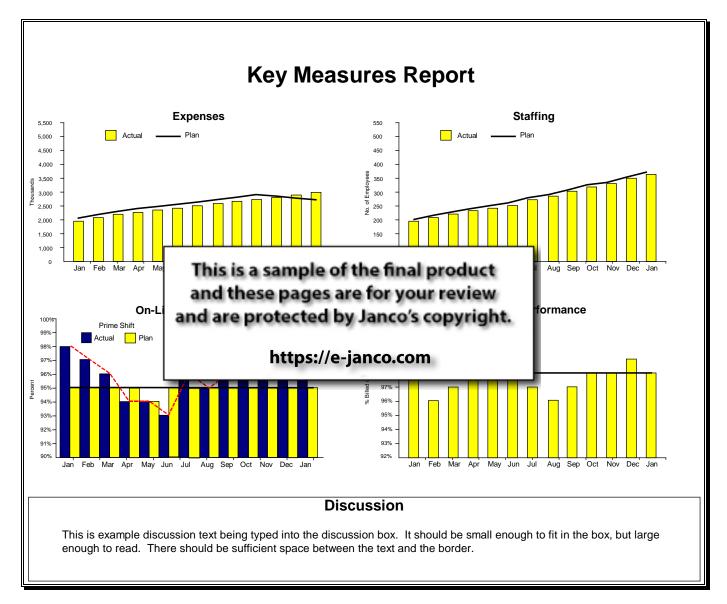
♣ Expenses - Period Actual (Dollars)

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³⁸ FTE is Full Time Equivalents

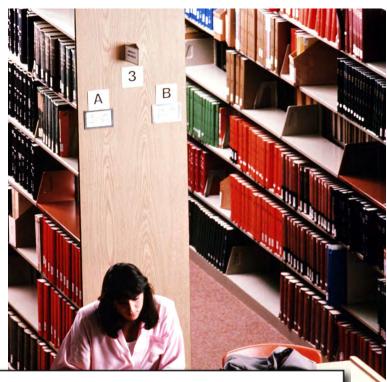
³⁹ Some users prefer man hours or revenue lost due to failure of system availability. This is a negative measure and we have opted to show only positive metrics in this set of reports







Appendix



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KPI Metrics for Internet, Customers, and Social Networks

Internet and Social Networks KPIs

- Average Number of Referrals Per User A higher number of referrals per user is likely to lead to more sales, increasing the profitability of each customer. Formula: (Number of Referrals) / (Number of Users) = (Average Number of Referrals per User)
- Bounce Rate Measures the number of visitors that access a page on a company website
 and leave before visiting any other pages.
- Click-Through Rate Monitors how many people click on links in an email. This is a good way to gauge the success of an email campaign and the quality of an email's content.
- **Client Attendance** Counts the number of people who attend a client event. It could be measured as a percentage of a specific attendance target or the total client base.
- Contact Volume by Channel Keeps track of the number of support requests by phone and email. This allows the organization to not only compare which method customers prefer but also to track the number of support requests month-to-month.
- **Customer Complaints** Helps companies determine whether innovations are effective in improving the customer experience with their product.
- Direct Traffic Traffic to a company's website that occurs from visitors typing in the URL

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from indirect sources, such as

e or website

os companies determine whether tent performs better than others.

- The number of Social Media Followers Indicates the level of customer engagement a brand has.
- The number of Support Requests per Product This allows a company to determine which products their customers find easier (and harder) to use.
- Open Rate Tracking the number of opened and unopened emails allows companies to evaluate whether an email campaign strategy is successful or not.
- Rank on Search Engines This can indicate whether a search engine optimization (SEO) process is effective.
- Rate of Referrals This can help illustrate customers' level of satisfaction with a product or service. Formula: (Number of Referrals in Period) / (Units of Time in Period) = (Rate of Referrals)
- **Redemption Rate** -Provides companies with vital consumer behavior information. Formula: (Reward Points Redeemed) / (Reward Points Offered) = (Redemption Rate)



Attached Job Descriptions

Attached in their directory are eight (8) complete job descriptions. Each uses long file names and is in MS Word format

Chief Digital Officer

Chief Experience Officer

Digital Brand Manager

Manager Metrics

Manager KPI Metrics

Manager Service Level Reporting

Key Performance Indicator Analyst

SEO Specialist

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Chief Digital Officer (CDO)

Position Purpose

The Chief Digital (CDO) helps a company drive growth by converting traditional "analog" businesses to digital ones and oversees operations in the rapidly changing digital sectors like mobile applications, social media, and related applications, virtual goods, as well as web-based information management and marketing.

The CDO is not only a digital expert but also a seasoned general manager. As the role is transformational, the CDOs is responsible for the adoption of digital technologies across the entire business. As with most senior executive titles, the responsibilities are set by the organization's board of directors or other authority, depending on the organization's legal structure. The CDO is responsible for digital consumer experiences across the entire enterprise and its operations.

Problems and Challenges

The major challenge for this individual is defining the digital architecture of the enterprise while balancing digital assets and computing services with financial and marketing needs. This is to be accomplished with the use of technology that supports both self-generated enterprise growth and growth through acquisition. Seamless integration of digital assets from the customer, through product and service design, financial statements, and management reporting is a primary concern.

Digitization of data assets is the focal point for standardization within the enterprise. As such, it is extremely important to the enterprise's current and future business operations. The Chief Digital Officer (CDO) ensures the continued success of these areas while simultaneously minimizing costs and maximizing equipment and employee performance.

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one on board with the digital vision n ever-changing digital landscape.

DO is responsible for end-to-end ny's digital roadmap.

rations - the CDO focus is the

- Maintaining links with experts.
- Maintaining a balance between business and technology.
- Connecting digital investments to enterprise KPIs to achieve positive digital transformation.



Version History

2023 Edition

- Added Supply Chain KPI Best Practices
- Added Supply Chain Metrics
- Updated all included job descriptions
- Updated included metrics
- Updated included graphics

2022 Edition

- Updated included job descriptions
- Updated to include WFH Metrics
- Updated graphics

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