***Managing costs: Your cost centre KPIs***

KPIs (Key Performance Indicators) are our “dashboard” of success. They are the small number of things we absolutely must do if we are to succeed in our cost centre (or our business, or life).

So why are they here in a series of articles on managing costs? Because our budget finances the resources we need in order to achieve our objectives. As well as watching our costs, we need to watch our objectives too. It’s no good ending the year under budget, if we’ve failed to do the tasks that are essential to the future of our business.

**What are our KPIs?**

First, the K stands for Key, so there shouldn’t be too many of them!

In my business my KPIs for this year are around the following 6 areas:

* marketing
* bookings and sales
* completing client projects
* updating my website
* enhancing what I offer clients
* compliance with GDPR

If I get these right, I’ll succeed, if I get them wrong, my business won’t succeed.

So the wall planner in my office is divided into two halves. The top half is my “to-do” list for the month, the week, and today. There’s lots of stuff on that, and it’s updated daily.

And the bottom half is my KPIs. Every day they form a visual reminder of my longer term goals and targets. My bookings are there, quarter by quarter; together with a list of all the projects on the go, to ensure none get forgotten. And there’s also list of the half dozen key marketing actions I need to be completing every day or every week. That bottom half is much more stable, and gets updated as more work is booked, and as I complete projects (or new projects arise).

But every day there’s a visual reminder of my long term goals, as well as today’s list of tasks.

When I update my to-do list for the coming month, it’s in the context of my long term success factors.

It’s a way of establishing Steven Covey’s principle (7 habits of highly effective people) of making sure that the urgent issues don’t displace the important longer term issues.

**How does this apply to you?**

What are your KPIs? What are your objectives for the year, and what do you need to ensure you do to achieve them?

You’ll have many objectives: some of those are more critical to the future survival of the business than others – those critical ones are more likely to be KPIs.

Some will be change objectives. We can rely on doing the “things we always do” out of habit, but the change objectives need to be monitored and implemented more carefully. So the important change issues will probably be KPIs.

**KPIs, resource allocation and budgets**

Achieving our KPIs needs resources – which are paid for out of our budget. So we need to be clear about which budget resources are being committed to which key objectives. If we’re not achieving our KPIs, can we justify spending our budget?