98 *"Better"* KPIs

The Key to Stakeholder Integration with Conscious Capitalism

If you struggle with the Functional Accountability Chart (FACe) and Process Accountability Chart (PACe) tools in Scaling Up, you are not alone. **Leaders often can't find just the right corresponding key performance indicators (KPI).**

These KPIs must measure specific actions that lead to results, focusing on functions and processes, all aiming for the goal of **better, faster, and cheaper.**

KPIs for **"faster"** are measured by time, *Days to Deliver, or People Hours to Produce.* It's straightforward and quantifiable.

KPIs for **"cheaper"** are measured by cost, cost of *Raw Materials, Production, Labor,* etc. This too is straightforward and can be quantifiable with precise financial data analysis.

Unlike faster and cheaper, KPIs for **"better"** are harder to capture. Better is qualitative and more challenging to quantify in numerical terms.

Here is the list of stakeholders as laid out in Conscious Capitalism's Stakeholder Integration as well as some KPIs that may help you make their experience "Better".

Key Performance Indicators are sorted into 2 categories. Leading indicators are forward-looking and help in identifying areas for improvement before problems arise, while lagging indicators are retrospective, reflecting the outcomes of past efforts and policies.

(Please note that these categories are indicative, and the classification of certain KPIs as leading or lagging indicators may vary depending on the specific context and business practices.)
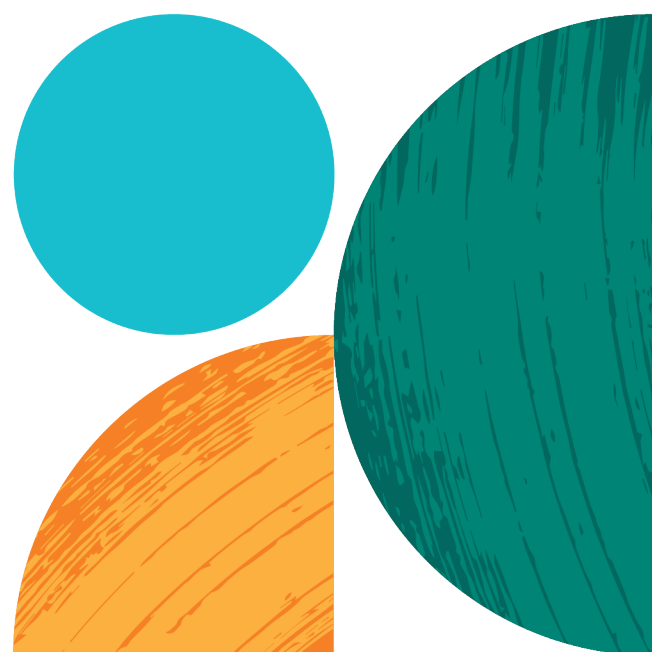
"Better" KPIs for Employees:

Being better for employees means not only fulfilling their basic needs but also supporting the intrinsic motivation of humans to achieve excellence and live purposeful lives.

LEADING INDICATORS:

1. **New skills learned per employee:** Measures the rate of skill acquisition by employees, indicating their adaptability and commitment to personal growth.

2. **Average number of hours invested in employee training and talent development:** Reflects proactive investment in skill development and knowledge enhancement.

3. **Mentoring and coaching participation:** Indicates the willingness of employees to engage in self-improvement, which may lead to increased performance.

4. **Employee well-being program participation:** Reflects proactive steps taken to promote employee health and well-being, which can result in improved productivity and satisfaction.

5. **Diversity and inclusion index:** Measures the level of diversity and inclusion within the workforce, potentially driving innovation and team performance.

6. **Employee innovation suggestions implemented:** Demonstrates a culture of innovation and continuous improvement, which can boost overall company performance.

7. **Employee participation rate in meetings:** Measures employee engagement and active involvement in team collaboration, which may enhance productivity and creativity.

LAGGING INDICATORS:

1. **Career development progress:** Shows how far employees have progressed in their career development, indicating the effectiveness of developmental programs.

2. **Stress level monitoring (to prevent burnout and turnover):** Reflects the long-term impact of stress management programs and their influence on retention.

3. **Safety incident rates:** Indicates the historical data on safety incidents, revealing areas for improvement in employee well-being.

4. **Employee retention rate:** Reflects the effectiveness of retention strategies and overall job satisfaction.

5. **Employee recognition awards:** Shows the impact of recognition programs on morale and productivity.

6. **Employee surveys on work-life balance:** Captures feedback on the historical work-life balance, helping to fine-tune related initiatives.

7. **Employee community engagement initiatives:** Measures the historical participation rate in community engagement activities, showcasing the company's commitment to social responsibility.

8. **Employee engagement scores:** Represent the retrospective measurement of employee engagement and satisfaction.

"Better" KPIs for Customers:

Being better for customers means supporting their health and lifestyle choices while offering creative products and/or reliable services that competitors have not yet thought of or cannot easily duplicate.

LEADING INDICATORS:

1. **Repeat purchase frequency:** Measures how often customers make repeat purchases, indicating their loyalty and satisfaction.

2. **Referral frequency:** Reflects how frequently customers refer others to your products or services, indicating their belief in your value proposition.

3. **Product or service customization options:** Demonstrates customers' willingness to personalize their experience, reflecting their engagement and satisfaction.

4. **Delivery and response times:** Indicates the efficiency and responsiveness of customer service, influencing overall satisfaction.

5. **Product or service adoption rate:** Measures how quickly customers adopt and start using your products or services, suggesting their immediate engagement.

6. **Sales pipeline velocity / close rate:** Shows the speed at which potential customers move through the sales process, predicting future revenues and market demand.

7. **Personalization levels in customer interactions:** Reflects the depth of personalized experiences provided to customers, indicating tailored services and enhanced satisfaction.

LAGGING INDICATORS:

1. **Customer satisfaction scores:** Represents historical satisfaction ratings, which may influence future purchasing decisions.

2. **Average order value:** Reflects the average amount customers spend on a single order, affecting revenue and profitability.

3. **Net Promoter Score (NPS):** Indicates customer loyalty and the likelihood of them recommending your business to others.

4. **Customer lifetime value:** Reflects the historical total value of a customer over their engagement with your business.

5. **Percentage of repeat customers:** Demonstrates the historical rate of customers returning for additional purchases, reflecting long-term loyalty.

6. **Product return rates:** Measures the historical rate of product returns, influencing quality and satisfaction levels.

7. **Product or service adoption rate:** Reflects the historical data on how quickly customers have adopted your offerings, predicting trends and user engagement.

8. **Customer feedback and suggestion implementations:** Demonstrates the historical effectiveness of feedback and suggestion programs in improving the customer experience.

9. **Community engagement events for customers:** Shows the historical engagement of customers in community-related events, reflecting brand loyalty and involvement.

"Better" KPIs for Investors:

Being better for investors means exercising a commitment to long-term sustainable growth, rather than short-term gains. (For the companies without investors, the company itself and its leadership team members are the investors.)

LEADING INDICATORS:

1. **ESG (Environmental, Social, Governance) investment rating:** Demonstrates the company's commitment to responsible and sustainable business practices, which can attract socially responsible investors and influence stock price stability.

2. **Number of socially responsible investors:** Indicates the company's ability to attract investors who prioritize ethical and sustainable investments, potentially affecting the percentage growth in the company's valuation.

3. **Investor engagement and feedback:** Reflects active communication and collaboration with investors, which can positively impact transparency in financial reporting and lead to more positive media mentions.

4. **Alignment with Sustainable Development Goals (SDGs):** Shows the company's dedication to making a positive societal impact, which can influence investor engagement and interest in the company's long-term growth.

5. **Quarterly investor communications:** Demonstrates proactive engagement with investors, fostering transparency and trust that can positively affect stock price stability and financial performance benchmarks against competitors.

LAGGING INDICATORS:

1. **Stock price stability:** Reflects historical stock performance, indicating the stability and confidence in the company, driven by factors like investor engagement and alignment with SDGs.

2. **Earnings per share growth:** Represents past financial performance and growth, influenced by investor decisions, such as dividend yield and growth.

3. **Return on investment (ROI):** Measures the historical returns on investments, which can impact investor engagement and feedback.

4. **Percentage growth on the company's valuation:** A historical metric indicating how the company's value has evolved, influenced by factors like stock price stability.

5. **Dividend yield and growth:** Reflects past dividend payments and growth rates, affecting the number of socially responsible investors and alignment with SDGs.

6. **Transparency in financial reporting:** A lagging indicator that indicates historical transparency practices, influenced by positive media mentions.

7. **Positive media mentions:** Historical metrics reflecting media sentiment and its effect on transparency and investor engagement.

8. **Financial performance benchmarks against competitors:** Reflects historical financial performance relative to competitors, influenced by transparency, alignment with SDGs, and investor engagement.

9. **Operating Cash Flow Ratio:** Measures historical cash flow efficiency, influencing ROI and investor engagement.

10. **Gross Burn Rate:** Reflects historical expenditure rates, affecting financial performance benchmarks and ROI.

11. **Cash Conversion Cycle:** Historical indicator showing efficiency in working capital management, impacting ROI and financial performance benchmarks.

12. **Sales Growth Rate:** Reflects historical sales growth, influencing stock price stability.

13. **Fixed Asset Turnover Ratio:** Represents historical asset management efficiency, impacting ROI and financial performance benchmarks.

14. **Budget Creation Cycle Time:** Historical metric reflecting budgeting efficiency, affecting investor engagement and alignment with SDGs.

15. **Number of Budget Iterations:** Historical indicator showing efficiency in budgeting processes, influencing transparency and investor engagement.

"Better" KPIs for Suppliers / Vendors:

Being better for suppliers and vendors means becoming your suppliers' favorite customers and working with them in a relationship-oriented manner, rather than a transactional one.

LEADING INDICATORS:

1. **Commitment to fair trade practices:** Demonstrates a proactive approach to ethical and sustainable business relationships, fostering positive supplier and vendor satisfaction and on-time payment performance.

2. **Collaboration on sustainability initiatives:** Indicates a focus on joint efforts to improve sustainability practices, which can strengthen supplier relationships over time.

3. **Joint product development projects:** Reflects ongoing collaborative innovation efforts that can lead to successful joint marketing and innovation outcomes.

4. **Payment terms negotiation success:** Demonstrates effective negotiation practices that may lead to fairer terms and fewer service exceptions and complaints.

5. **Vendor support in times of crisis:** Indicates a supportive and collaborative approach during challenging times, fostering stronger relationships and alignment with shared values.

6. **Joint social responsibility initiatives:** Reflects shared efforts to make a positive societal impact, which can contribute to supplier and vendor satisfaction.

7. **Contracts aligned with shared values:** Demonstrates a commitment to shared ethical values in business agreements, leading to better supplier and vendor satisfaction.

LAGGING INDICATORS:

1. **Accounts payable days:** Reflects historical efficiency in settling accounts, influenced by on-time payment performance and joint social responsibility initiatives.

2. **Supplier and vendor satisfaction ratings:** Historical measures of satisfaction based on collaboration and shared values, affected by a commitment to fair trade practices.

3. **On-time payment performance:** Historical indicator showing the efficiency of payments, influenced by payment terms negotiation success, and joint social responsibility initiatives.

4. **Number of referrals to other clients:** Reflects past positive experiences and successful collaborations, influenced by supplier relationships and joint marketing efforts.

5. **Number of service exceptions and complaints:** Represents historical performance and any issues faced, influenced by payment terms negotiation success, and collaborative innovation success.

6. **Collaborative innovation success:** Demonstrates the historical success of innovation projects, impacted by joint product development and collaboration on sustainability initiatives.

7. **Personalization levels in supplier's interactions:** Reflects historical efforts to tailor interactions, influenced by collaborative innovation and product development projects.

8. **Average Invoice Processing Cost:** Historical metric indicating invoice processing efficiency, influenced by collaborative innovation and payment terms negotiation success.

"Better" KPIs for Local Community and Environment:

Being better for local communities and the environment involves providing meaningful and well-paid jobs, reducing waste, and engaging in local philanthropic activities.

LEADING INDICATORS:

1. **Number of jobs created in the local community:** Represents the proactive effort to support the local community by providing job opportunities.

2. **Local workforce diversity and inclusion:** Demonstrates the ongoing commitment to building a diverse and inclusive workforce, leading to local workforce diversity and inclusion.

3. **Volunteering hours by company employees in the community:** Reflects the ongoing commitment to community engagement, with potential long-term positive impacts on community well-being and education.

4. **Community development projects initiated:** Indicates the proactive approach to community development, which can lead to improved local education and community well-being over time.

5. **Local charity partnerships:** Reflects the ongoing collaboration with local charities and a commitment to making a positive impact on local education and well-being.

6. **Environmental education and awareness programs:** Demonstrates an ongoing effort to raise environmental awareness in the local community, potentially reducing waste and greenhouse gas emissions in the long run.

7. **Local infrastructure investments:** Reflects the proactive investment in local infrastructure, leading to community development and improved local education.

8. **Environmental restoration projects:** Demonstrates ongoing initiatives to restore the environment, potentially leading to the reduction of environmental waste and greenhouse gas emissions.

1. **Average wage compared to local standards:** Represents a historical measure of wage levels, influenced by the number of jobs created in the local community.

2. **Local philanthropic donations:** Historical indicator reflecting past philanthropic efforts, which contribute to local charity partnerships and community development.

3. **Reduction in environmental waste:** Represents a historical reduction in waste, potentially driven by ongoing environmental restoration projects and sustainable supply chain practices.

4. **Greenhouse gas emissions reductions:** Historical measures of emissions reductions influenced by sustainable supply chain practices and percentage of renewable energy usage.

5. **Percentage of renewable energy usage:** Historical metric indicating the adoption of renewable energy, potentially leading to greenhouse gas emissions reductions and reduced waste.

6. **Local environmental awards and recognitions:** Historical recognition of environmental efforts, influenced by sustainability practices and environmental education programs.

7. **Positive impact on local education:** Represents the historical impact on local education, influenced by community development projects and volunteering hours by company employees.

8. **Number of locally sourced materials:** Historical measures of sourcing locally, potentially affected by sustainable supply chain practices and a reduction in environmental waste.

"Better" KPIs for Outer Circle Stakeholders:

Being better for the outer circle means viewing competitors not as enemies to be crushed but as teachers to learn from, forging working relationships with local government and civil society, and most importantly, avoiding corrupt activities at all costs.

LEADING INDICATORS:

1. **Number of industry collaboration initiatives:** Indicates proactive engagement in collaborative projects and partnerships within the industry to foster growth and innovation.

2. **Participation in industry knowledge-sharing events:** Demonstrates a commitment to sharing industry knowledge and learning from peers, fostering a culture of continuous improvement.

3. **Engagement with competitors in joint research and development:** Reflects ongoing collaboration with competitors in research and development efforts, focusing on industry-wide advancements.

4. **Contributions to disaster relief efforts:** Demonstrates proactive engagement with global humanitarian issues and reflects ongoing efforts to mitigate the impact of disasters.

5. **Number of global diplomatic and trade partnerships:** Reflects the proactive development of international partnerships, which may lead to positive global diplomatic and trade relations in the long term.

6. **Participation in global sustainability initiatives:** Demonstrates proactive involvement in sustainability efforts on a global scale, potentially contributing to a positive global reputation.

7. **Contributions to international disease control efforts:** Indicates active engagement in addressing global health issues and preventing the spread of diseases.

8. **Advocacy for human rights worldwide:** Reflects ongoing commitment to human rights advocacy on a global scale, leading to a positive reputation.

LAGGING INDICATORS:

1. **Positive industry reputation and recognition:** Historical indicator reflecting the reputation and recognition earned within the industry, influenced by collaborative efforts and shared learning.

2. **Industry-wide innovation adoption rate:** Measures the historical rate at which industry-wide innovations are adopted, influenced by collaborative research and development.

3. **Positive global media mentions and reputation:** Historical indicator reflecting past media mentions and reputation, influenced by various global initiatives.

4. **Participation to reduce global income inequality:** Represents a historical commitment to addressing global income inequality, potentially affecting global diplomacy and reputation.

5. **Support for refugees and displaced populations:** Historical indicator demonstrating past efforts to support refugees and displaced populations, potentially contributing to a positive global reputation.

6. **Investments in global education initiatives:** Historical measure of investments in global education, contributing to a positive global reputation.

7. **Support for global environmental preservation:** Historical indicator reflecting past efforts in global environmental preservation, influencing global reputation and engagement.

8. **Number of pieces of legislation enacted:** Reflects historical legislative efforts related to global geopolitical issues, contributing to global diplomacy and reputation.

To summarize, when it comes to the question "Better for whom?," Conscious Capitalism places that answer at the center of stakeholder orientation, making it the core of any business.

PRO TIP FOR SUCCESS:

Share and review this with your leadership team. Together, pick 3-5 that align with your business strategy, One-Page-Strategic-Plan, and FACe and PACe tools. Share this with your entire organization and encourage employees to participate in choosing the KPIs that they want to take part in.

Want a deeper dive into Stakeholder Integration and learn how to foster Stakeholder Relationships to scale your impact and reduce drama? Consider enrolling in the Master Business Course Conscious Capitalism with Raj Sisodia.

Your leadership is needed.

This course is highly recommended for heads of organizations, CEOs, board members, chairpersons of the board, and industry leaders who are dedicated to a transformed world.

If you would like to learn more about building a caring culture with robust learning and talent development systems, **our team members at Growth Institute would love to help.**

Reach out (learn@growthinstitute.com) for a time to talk!