Hitting the target but missing the point?

Good housekeeping around KPIs – Emma Foreman

Useful, reliable and accurate data and information is crucial to ensure that boards are able to steward their organisation and, ultimately, to make good decisions. All too often, Boards are 'surprised' by underperformance, particularly in relation to core compliance (such as adverse CQC inspection results). Boards and senior leaders are faced with a potential vast array of indicators above and beyond those which are mandated, and it often seems, the most fitting answer is to try and measure everything. Indeed, some organisations are regularly trying to measure over 500 indicators at any one time. Unfortunately, there is no magic bullet for this; boards are unable to rely on a single dimension or calculation to give them the assurance they require. Instead, they need to be able to look at performance (and risk) in the round, with sight from 'ward to Board' coming from a range of measures. So, what are the good housekeeping factors when it comes to choosing your KPIs?

1. **Get your delegated responsibilities right** – this means ensuring that delegated authorities and governance tier one, two and three structures are all functioning appropriately. They should be seeking and reviewing assurance at the right levels and escalating exception and exceptional performance up to committees and the board. Importantly, this also includes the role of divisions in ensuring a localised overview of reporting and compliance. So many organisations struggle with their tier one and two governance structures, particularly, that they don't have adequate executive-led operational groups at the tier two level.
2. **Get report formats right** – try to apply methodology for reporting consistently at all levels, using the same templates, the same RAG ratings and the same exception reporting methods. Also, try not to be too rigid in your reporting, allow space for additional lines to appear as new exceptions. You can always develop an index of indicators so that you can retain comfort that indicators have not been lost.
3. **Select your measures in line with your plan** – this should be done annually, in line with the business cycle and strategic implementation plan. Mandated indicators are just that, but along with this, other indicators should have a strong strategic element and should link to quality account goals. Additionally, ensure there are also a range of measures which support compliance. Remember that the metrics seen by the Board should be at the top of the pyramid which gets more and more granular throughout the organisation, down to ward level. Benchmarking with other trusts to see what they are reporting is useful, but the bottom line is, it is *your strategy and your plan* that must be translated into KPIs.
4. **Top and tail your KPIs** – integrate the top-level reporting so that you can relate quality to finance and workforce to operations etc. through dashboards. Also, ensure that underperforming KPIs have some sort of associated narrative and links to risk registers and action plans so that the improvement plan automatically becomes integrated. Use the KPI as the lead indicator and then ensure that more granular information is available on hot-spots where underperformance is noted.
5. **Undertake regular KPI housekeeping** - boards cannot hope to see every indicator measured and, all too often, dashboards grow without thought for also taking metrics off. This doesn't mean that you stop scrutinising the 'green' rated KPIs, far from it. What is does mean is that you have a dynamic set of indicators which allows the board to focus properly on areas for underperformance. Better use of forecasting can help to track the green indicators which may be declining and can help boards to see where improvement plans are effective.
6. **Assure the data** – questions about 'data reliability' at board can easily usurp proceedings; time and resources should be put into ensuring the availability of quality management information. This can be challenging, particularly in organisations with old and disparate IT systems; however, the use of data quality kite marks or assurance ratings can help to provide an understanding of data reliability on an ongoing basis, and, invest in analytics! Good use of intelligence can transform the board decision making ability.

Of course, beyond the data there is also the requirement for 'softer' intelligence through which to triangulate. Getting into the organisation to see and hear what is going on first hand can give Board members a greater sense of pressure and performance than any hard indicators could. The bottom line is, however, that those magic, and sometimes illusive KPIs are often the pinnacle of understanding for boards, so they do need to intelligently and diligently, measure the right things.

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