

Technique Name – Metrics and key performance indicators

Introduction

Metrics and key performance indicators measure the performance of solutions, solution components, business processes etc. For a BA collection of Metrics, establishing monitoring and evaluation procedure would be primary area of interest/responsibility. Identifying the source of information for Metrics and KPIs, analysing them and reporting them core activities of this technique. Data sources for collecting metrics can be both qualitative and quantitative.

Glossary

Indicators :- An indicator displays the result of analyzing one or more specific measures for addressing a concern about a need, value, output, activity, or input in a table or graphical form.

Metrics:- They are quantifiable levels of indicators that are measured at a specified point in time. A target metric is the objective to be reached within a specified period. A metric can be a specific point, a threshold, or a range. A range can be useful if the indicator is new.

A key performance indicator (KPI) is one that measures progress towards a strategic goal or objective.

Reporting is the process of informing stakeholders of metrics or indicators in specified formats and at specified intervals.

Knowledge Area application

How this technique is used in these knowledge areas

Knowledge Area	Task	Usage	Remarks
Business Analysis Planning and Monitoring	Identify Business Analysis Performance Improvements	This technique can be used to determine the metrics required to assess the performance of Business Analysis tasks in an change initiative.	Timeliness, Accuracy and completeness of work products, Effectiveness of BA activities, Strategic achievements etc. could be the measures which will give a glance of the Business Analysis activities performed.
Strategy Analysis	Analyze Current State	Measuring Solution Performance using Metrics and KPIs may bring the needs for change.	Understanding the impact and performance of current capabilities and processes needs them to be evaluated by measuring them with performance indicators.
Strategy Analysis	Define Future State	Help in defining measures of success indicating the achievement of	Viable Business goals and objectives should meet certain guidelines called 'SMART'. Charting Metrics and KPIs help a

Knowledge Area	Task	Usage	Remarks
		Business Objectives and goals	business in adhering to these guidelines.
Requirements Analysis and Design Definition	Verify Requirements	Helps in evaluation of quality of requirements	The characteristics which check the quality of requirements and design like completeness, priority etc all need to be measured via metrics.
Requirements Analysis and Design Definition	Validate Requirements	Appropriate performance measures needed to measure the solution performance are selected in this task.	The criteria which measure the benefits of future state are further defined in this task. In case they are not done during future state definition they are covered now in detail.
Requirements Analysis and Design Definition	Analyze Potential Value and Recommend Solution	Creating measures that will be used to determine the value of various design options	Determining the potential value of design options is key in this task. Defining measures helps in this.
Solution Evaluation	Measure Solution Performance	Defining solution performance measure, validation of them, collection of solution performance measures all these activities need Metrics and KPI definition.	Usually Solution performance measures are defined during Future state definition, requirement validation, analysis of potential value of design options etc. If they are not done effectively at that time, a running solution will be evaluated.
Solution Evaluation	Analyze Performance Measures	Helps in assessing how well a solution is performing and contributing to business objectives.	Comparing the benchmark metrics against actuals, recording performance variances etc. are done here.

Case Study/Example

Example KPIs for sales performance :

1. Monthly Calls (or emails) Per Sales Rep
2. Sales Per Rep
3. Product Performance
4. Sales by Contact Method
5. Average New Deal Size/Length

Quiz (5 questions v3 level)

1) Which of these is not a characteristic of a good indicator?

- a) Being precise and unambiguous.
- b) Being available at a reasonable cost.
- c) Being independently validated.
- d) Being an industry standard.

Ans) d)

Justification : - Refer to Section 10.28.3.1 of BABOK. Option D is not listed amongst the 6 characteristics.

2) Which of the below is needed to learn about recent performance and to measure progress from that point forward?

- a) Baseline Data.
- b) KPIs.
- c) Data Sources.
- d) Target Metrics.

Ans) a)

Justification :- Refer to Section 10.28.3.3 of BABOK.

3) Which of these factors does not help us in assessing the quality of an indicator?

- a) Reliability.
- b) Validity.
- c) Timelines.
- d) Feasibility.

Ans: d)

Justification :- Feasibility doesn't help in assessing the quality of an indicator. Refer to Section 10.28.3.3 of BABOK.

4) What can be used when data for direct indicators are not available or when it is not feasible to collect at regular intervals?

- a) Secondary Sources.

- b) Proxies.
- c) Reports.
- d) Dashboards.

Ans: b)

Justification :- Feasibility doesn't help in assessing the quality of an indicator.
Refer to Section 10.28.3.1 of BABOK.

- 5) Gathering excessive amounts of data beyond what is needed will result in unnecessary expense in collecting, analyzing, and reporting. It will also distract project members from other responsibilities. Is the above statement True or False?
- a) True.
 - b) False.

Ans) True

Justification: Refer to Limitations of this technique BABOK 10.28.4.2