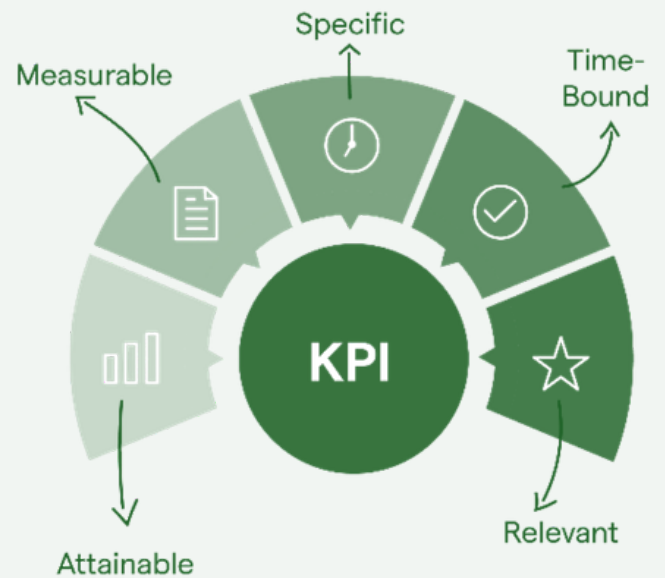


Key Performance Indicators (KPIs) Factsheet

Key Performance Indicators (KPIs) are measurable values that show how effectively an organisation is meeting their key objectives and mission. Unlike for-profit organisation, non-profit KPIs are designed to measure a charity's overall progress towards its social impact, financial health, and operational efficiency to satisfy a broad range of stakeholders, including donors, funders, and service users.



“A yard stick to measure the distance you’ve moved forward.”

Why are they helpful?

KPIs are essential for charities, community groups and non-profits as they measure the following:

Measure & demonstrate impact:

KPIs turn your purpose into measurable results (e.g., lives changed, services delivered), proving effectiveness to funders and the public.

Financial accountability:

Metrics like cost per pound raised or fundraising return on investment (ROI) show donors and trustees that resources are used wisely.

Effective decision-making:

They provide data to guide resource allocation, identify weak areas, and align with strategic goals.

Boost fundraising & confidence:

Clear, data-driven performance attracts grants and donations while giving staff, boards, and supporters confidence the organisation.

Improve performance:

Tracking service user satisfaction or cost per user helps improve operations and delivery.

Ensure sustainability:

Early identification of issues allows proactive adjustments for charity's long-term stability.

Core aspects of KPIs



Mission alignment:

KPIs must be directly tied to a charity's mission and strategic goals. They show whether strategies are effectively driving intended impact, not just general business metrics.



Financial health and sustainability:

KPIs provide a clear picture of financial stability, including revenue, expenses, and reserves, helping manage resources wisely and assure stakeholders.



Stakeholder accountability and transparency:

Clear and consistent reporting of KPIs fosters trust with donors, board members, and beneficiaries by demonstrating transparency in operations and outcomes.



Continuous improvement:

Regular KPI tracking and review (e.g., monthly or quarterly) enable charities to adapt strategies, optimise performance, and respond to change.

Step by step guide

Choosing the right Key Performance Indicators (KPIs) for a charity involves a structured approach that aligns metrics with your organisation's mission and strategic objectives. The steps ensure that the chosen KPIs are meaningful, measurable, and drive informed decision-making across the organisation

Understanding what success looks and feels like:

For each objective, specify the tangible results that would indicate success.

Involve key stakeholders:

Engage staff, volunteers, and trustees. Teams with expertise (e.g., fundraising, programme delivery) are best placed to identify meaningful and measurable metrics in their work.

Select measurable metrics (leading and lagging)

Decide exactly how you will measure success, using both leading and lagging indicators.

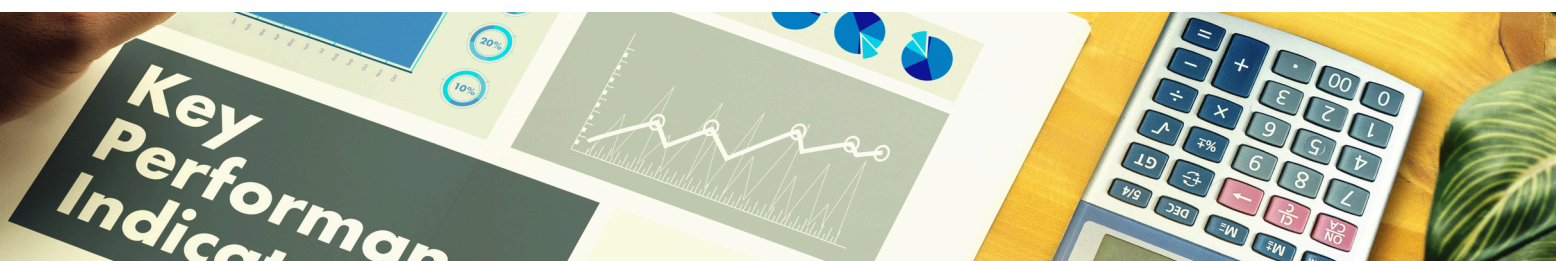
- A. Lagging indicators report on past performance (e.g., total funds raised, number of beneficiaries served).
- B. Leading indicators help predict future performance (e.g., donor retention rate, website conversion rate, or volunteer retention rate).

Consider data sources and required tools:

Identify where the data for your chosen KPIs will come from and what tools (e.g., CRM systems, Google Analytics, fundraising platforms) you will use to collect and track it.

Regularly review and adjust:

KPIs are not set in stone; they should evolve with your organisation's needs.



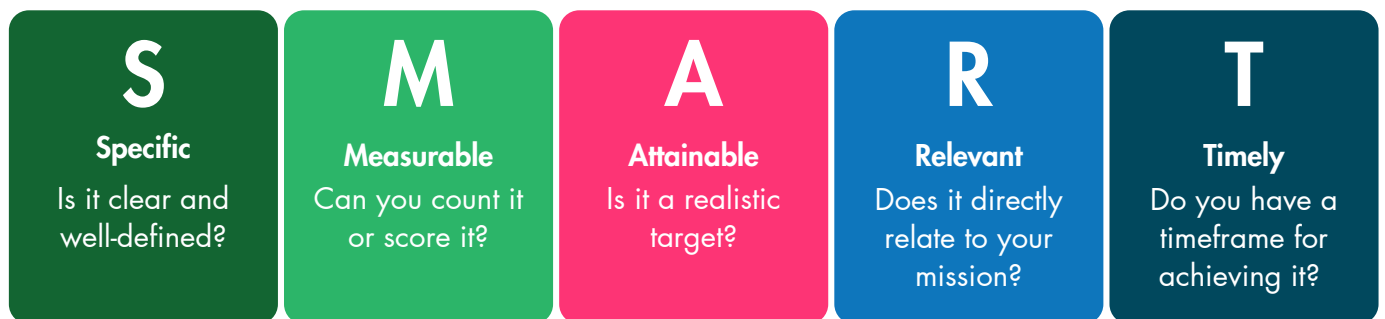
Key considerations and questions

Keep it simple: There are hundreds of KPIs an organisation can follow, so focus on a few critical, high-impact KPIs rather than measuring everything. Focusing on the following four key areas: **Alignment, Scope, Measurability and Actionability**. This will help you avoid data overload and maintain focus.

- ✓ What does success look like for our mission, and how can we measure it?
- ✓ Do they cover the major areas of operation?
- ✓ Can we obtain and measure the data consistently and reliably?
- ✓ Will this information result in action or a change in strategy?

Start small and prioritise: Avoid overwhelming your team with too many KPIs. Focus on a few critical indicators (ideally 2-3 per objective) that offer a balanced, holistic view of performance across different areas like finance, impact, and operations.

Use SMART: A good KPI is easy to understand and act upon. Ensure KPIs are:



Using this framework will ensure that your organisation is better able to track progress using the KPI.

Embed in culture:

KPIs should be integrated into daily operations and planning cycles, with clear ownership assigned for tracking and acting on the data.

Provide context:

Although KPIs are great, when reporting them to the board, senior management or stakeholders, numbers with clear narratives.

Leverage technology:

Use tools and systems (CRM systems or data analytics tools) to automate data collection and analysis, which ensures accuracy and frees up time for core mission delivery.

Fitter Finances: Investing in Health.
Supporting groups in Newham.

