

Key Performance Indicators (KPIs)
Sustainable Business Forum, Performance Benchmarking Project

Introduction

Key Performance Indicators	Scope (SME or large)	Unit		Definition	Guidance on measuring methods and/or documentation sources
		Absolute	Normalised		
PEOPLE					
Absenteeism	All	Expressed as the rate of absence per annum		Short-term absence due to employee's own illness, occupational injuries or unmotivated absences.	Calculated by dividing the number of absences per total number of work days scheduled for the year. Maternity and long-term or special leave are not considered absenteeism and should not be counted under the scheduled work days either.
Employee turnover	All	Expressed as percentage of total number of employees		The number of full-time and part-time employees who left the company in a given year.	Information about employee turnover is routinely tracked and available from HR departments or those with accounting responsibilities in the business as part of good HR practice..
Lost Time Injury Frequency Rate (LTIFR)	All	Expressed as the rate of frequency per million hours worked		Calculated based on the number of injuries reported for all employees per one million working hours.	Only injuries resulting in at least one day of lost work should be considered. For SME application: generally SMEs simply record the total number of injuries that occurred in one year. To compare performance, SMEs will need to scale up their injury records to one million working hours. For example, for an SME with 30 employees which recorded 1 lost-time injury for the year, the LTIFR is $17.36 = (1 \text{ injury} \times 1000000) \div (30 \text{ employees} \times 1920 \text{ worked hours})$.
Skills enhancement	All	\$ total	\$ total / FTE	The amount of money spent on activities such as training, workshops and courses aimed at improving staff competencies and skills.	Information about the resources put into skills development programmes is generally available from the HR or financial departments. Other departments, administrative and otherwise, may also hold information. In case of SMEs, this information may be available with the business owners, team leaders or as part of good HR practices of accounting records.

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Workplace Safety Management Practices	All	Primary, secondary or tertiary level		The level of performance achieved by companies participating in the ACC programme.	<p>The ACC's Workplace Safety Management Practices (WSMP) programme is designed to recognise those employers who have established an acceptable benchmark for health and safety and injury prevention in the workplace. It has three levels of performance, with tertiary affiliation being the highest level and is rewarded with a 20% reduction in ACC levy. It can be used by small and medium-sized businesses, although it is considered best suited for medium-sized and large businesses.</p> <p>The government has also introduced in April 2011 a mandatory Experience Rating Programme that will lead to a performance (i.e. claims history) based adjustment of the current portion of employer's levy. This new programme complements the WSMP and it applied to all sized businesses.</p> <p>The information regarding the level of affiliation can be found with the H&S department or responsible persons in the company.</p>
ACC Experience Rating	All	Expressed as percentage of the loading/discount rate of the company's standard industry levy		The health and safety performance achieved by companies based on history of claims made.	The Experience Rating Programme was introduced in 2011 and it is a mandatory scheme for all ACC levy contributors. Companies i.e. employers, who have lower-than-average injury rates, with better-than-average rehabilitation or return to work rates, may receive a discount on their ACC work levy. Those with worse-than-average claims experience may receive a loading on their levy. The maximum variation for those with levies under \$10,000 is +/- 10% and over \$10,000 is +/- 50%.
Employee engagement	Large companies	Expressed as proportion of engaged staff from total staff number		The connection and commitment an employee has for his/her company, and motivation to contribute to company goals.	<p>Generally, organisations use customised surveys of full and part time staff to determine their level of engagement.</p> <p>JRA Workplace Survey¹ and Gallup Survey² are known methodologies to New Zealand organisations and both determine the staff engagement ratio for three broad categories: engaged, ambivalent/neutral and disengaged.</p> <p>The JRA Workplace Survey, which is a combined workplace climate – employee engagement survey, has been used by over 200 New Zealand organisations, including at least three SBF members. Only organisations</p>

¹ More information is available at: <http://www.jra.co.nz/nzworkplacesurvey/climate-engagement-survey.aspx>

² <http://www.gallup.com/consulting/52/Employee-Engagement.aspx>

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					<p>with 20 employees or more can take the JRA survey. For results to be valid, the response rate must exceed certain thresholds which depend on company size.</p> <p>Organisations with less than 20 employees interested to assess staff engagement can develop their own survey using online sources like survey monkey³, though anonymity considerations may prevent honest responses from staff.</p> <p>Other approaches and methodologies to assess engagement may be used provided they determine the proportion percentage of engaged staff and are conducted at least once per year.</p>
Gender diversity	Large companies	Expressed as percentage of women from total number of employees and senior management		The proportion of female employees from: a. overall workforce, and b. senior management.	<p>Available with HR departments.</p> <p>It is envisaged that in the future other diversity dimensions will be added to the current KPI. This may include age or ethnicity.</p>
ECONOMY					
Direct contribution to New Zealand's economy	All	\$ million	\$ million / \$ million???	Total amount of payments related to three categories of expense: a. wages/salaries/benefits b. taxes, and c. NZ-based supplier contracts.	Categories a. and b. are available in financial accounts. Information about payments to NZ-based suppliers and the amount?? spent may be spread across different departments that have procurement responsibilities.
Full Time Equivalent (FTE) Employment	All	Total number		Full-time equivalent jobs	<p>Full-time equivalent employment is the number of full-time equivalent jobs, defined as total hours worked divided by the average annual hours worked in a full-time job. When calculating the average annual hours for a full time job, the specific business's standard hours of work per week has to be considered. 40 hours of work per week is the most common metric.</p> <p>Total hours worked refers to hours worked in full-time and part-time positions, as well as temporary or casual work contracted by the business.</p>

³ <http://www.surveymonkey.com/>

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Revenue	All	\$ million		Total amount of money (income) received by the organisation for the sale of goods and services to customers, including income from interest, rental and dividends.	<p>The information is available in financial accounts and/or owners.</p> <p>For companies that cannot provide a revenue figures, the suggested alternative is to select a suitable revenue range from the list below (in \$):</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;"><150,000</td> <td style="width: 50%; text-align: center;">2,000,000–3,000,000</td> </tr> <tr> <td style="text-align: center;">150,000–500,000</td> <td style="text-align: center;">3,000,000–4,000,000</td> </tr> <tr> <td style="text-align: center;">500,000–1,000,000</td> <td style="text-align: center;">4,000,000–5,000,000</td> </tr> <tr> <td style="text-align: center;">1,000,000–2,000,000</td> <td style="text-align: center;">>5,000,000</td> </tr> </table>	<150,000	2,000,000–3,000,000	150,000–500,000	3,000,000–4,000,000	500,000–1,000,000	4,000,000–5,000,000	1,000,000–2,000,000	>5,000,000
<150,000	2,000,000–3,000,000												
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1,000,000–2,000,000	>5,000,000												
Customer satisfaction	Large	Expressed as percentage of very satisfied customers from total number of customers.		A measure of satisfaction with company performance and how its products and services meet customer expectation.	<p>Surveys are a common method to determine customer satisfaction. Organisations use multi-point rating scales to create a satisfaction index.</p> <p>The surveys themselves may not be comparable (different survey goals or questions asked). Most surveys use five or seven points rating scales to determine the percentage of very satisfied customers, i.e. rating company's overall performance as very good and/or excellent. The American Consumer Satisfaction Index uses a 10-point rating scale and the Net Promoter Score (NPS) has 11 points.</p> <p>NPS is a simplified approach to determining customer satisfaction by seeking the answer to a single question, i.e. likelihood to recommend the company and/or its products. The percentage of very satisfied customers represents those customers that selected ratings above 8.</p> <p>Smaller businesses can use free online sources like survey monkey to design their customer survey or can seek feedback directly from customers and determine the proportion of very satisfied customers.</p>								
EBIT Margin	Large companies	Expressed as percentage of EBIT from total revenue		A measure of profitability/earnings generated.	Calculated by dividing EBIT by total revenue.								
Dividends	Large companies	\$ million		Total (cash) amount paid to shareholders	Available in the financial accounts in case of New Zealand companies that have to report against New Zealand Financial Reporting Standard.								
Return on assets (ROA)	Large companies	Expressed as percentage of EBIT from total average assets		A measure of how profitable a company's assets are in generating revenue.	Calculated by dividing EBIT (net income) by total average assets.								

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Return on equity (ROE)	Large companies	Expressed as percentage of net profit after tax (NPAT) from total average shareholder equity		A measure of the company's efficiency at generating profits per unit of shareholder equity.	Calculated by dividing NPAT by total average shareholder equity.
ENVIRONMENT					
Energy consumption	All	kWh	kWh / \$ million revenue kWh / FTE	Includes both direct and indirect supply of energy such as electricity, fuel oil, natural gas, steam.	Calculated based on meter readings and invoices, and represents total net energy usage as defined by the GHG Protocol. http://www.ghgprotocol.org/files/ghg-protocol-revised.pdf .
GHG emissions	All	tonnes of CO ₂ -e expressed as total as well as divided by Scope 1, 2 and 3 emissions.	tonnes of CO ₂ -e / \$ million revenue tonnes of CO ₂ -e / FTE	Carbon equivalent (CO ₂ -e) emissions from total energy consumption are calculated according to the WRI/WBCSD Greenhouse Gas Protocol for Corporate Accounting and Reporting Standard ⁴ and include Scope 1, 2 and 3 emissions.	Other methodologies for determining CO ₂ -e emissions may be used provided they are consistent with the requirements of the GHG Protocol. SMEs may consider the use of on-line emissions calculators available in New Zealand and overseas to determine their GHG emissions footprint . Resources about GHG emissions calculation tools can be found at: http://www.ghgprotocol.org/calculation-tools/all-tools .
Water consumption	All	cubic metres	cubic metres / \$ million revenue cubic metres / FTE	Water used from all sources (surface, underground, reticulated, rainwater).	Calculated based on meter readings and invoices, or the volumes agreed in consents or permit/licences in case of direct withdrawals.
Waste to landfill	All	tonnes	tonnes / \$ million revenue tonnes / FTE	Total volume of waste generated and disposed through landfilling.	Calculated based on waste receipts from the internal accounting system or invoices/balances from waste management provider, specifying the weight. Estimates from waste audits can also be used.
Recycled waste	All	tonnes	tonnes / \$ million revenue tonnes / FTE	Total volume of waste recycled.	Calculated based on waste receipts from the internal accounting system or invoices/balances from waste management provider, specifying the weight. Estimates from waste audits can also be used. Recycled waste????

⁴ <http://www.wri.org/publication/greenhouse-gas-protocol-corporate-accounting-and-reporting-standard-revised-edition>

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Hazardous waste	All	tonnes	tonnes / \$ million revenue tonnes / FTE	Total volume of hazardous waste generated.	Calculated based on waste receipts from the waste management provider or from specific internal hazardous waste tracking system when available. Examples of hazardous waste include solvents and flammable materials, liquids with low or high pH, and chemicals. For a definition of hazardous waste, see following link to the Ministry for the Environment website: http://www.mfe.govt.nz/issues/waste/hazardous/index.html .
COMPLIANCE					
Environmental Compliance	All	No. of non-compliance instances \$ monetary value of penalties and fines paid	No. of non-compliance instances / \$ million revenue	Total number of instances when the company has been in non-compliance with New Zealand's environmental laws and regulations, and the value of monetary sanctions.	<p>Instances of non-compliance refer to incidents when the company has been sanctioned for breaching the environmental laws and regulations under which it operates. Sanctions can be monetary (penalties, infringement fees) and non-monetary (cancellation of resource consents, activity restrictions, product bans). Only those incidents for which sanctions are final should be reported.</p> <p>The Resource Management Act is a key environmental legislation that businesses are subject to and under which a broad range of regulations are issued and enforced (including the national environmental standards). Other laws or regulations include the Hazardous Substances and New Organisms Act, Conservation Act, Fisheries Act, Waste Minimisation Act, Wildlife Act and others. Binding agreements with local authorities as alternative to regulation are also considered a compliance issue.</p> <p>When reporting compliance performance, it is recommended that companies, and particularly SMEs, demonstrate they have in place systems and processes to determine the environmental laws and regulations applicable to their operations.</p> <p>Information about environmental non-compliance is generally available with the legal or accounting departments.</p>

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COMMUNITY					
Community contribution	Large companies	\$ monetary value of all contributions made, reported as a combined value as well as a breakdown by areas of contribution.	% of revenue	All contributions by the organisation, either cash, in-kind (e.g. products, use of premises) or staff time that support community causes in areas such as arts and culture, education, environment, emergency relief, health, social support and others.	<p>The definition of this indicator is guided by the London Benchmarking Group (LBG) framework for assessing business contributions (www.lbg-online.net). LBG framework is being used around the world and in New Zealand, including by members of SBF.</p> <p>In estimating the monetary value of contributions made in kind, the cost to the company to provide the contribution has to be considered and not what the beneficiary would have paid for it in the open market. When monetary estimations of in-kind contributions are not possible, the contribution should be listed without the estimation.</p> <p>It is recommended that organisations specify the core motivation(s) for the community support provided to enable a good understanding about their engagement strategy.</p> <p>The indicator proposed here does not measure the impact the contribution has on the community.</p>