

Leading Behaviours

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Introduction

Many business coaches help clients identify Key Performance Indicators, or KPIs, for their business. These are the measures many manager use to check in on the performance of the organisation.

There are many academic and practical approaches to this topic. In many cases we see that there are two specific types of KPIs:

- **Lag Indicators**
- **Lead Indicators**

For the purpose of this document, “Lag Indicators” is defined as those measures, or metrics, within an organisation of past and current performance against an agreed target.

An example would be to measure the sales results over the past quarter, and whether or not that performance matched the forecast or expected target outcome. In a more “real-time” sense, such as in a contact centre environment, it could mean watching the number of calls handled every half hour, against what was forecasted to be handled every half hour.

This can be a useful measure, particularly if some thought has been put into defining the forecast or the objective, and if there is an opportunity to “drill down” and discover what is behind the either positive or negative performance.

However, according to the article, *Key Performance Indicators: Building Behaviours*” by Robin Tidd (see full article [here](#)), there are some common problems business face with implementing KPIs, particularly when the focus is primarily on lag indicators, including the following:

1. Management is focused too much on operations. Improvements are made piecemeal and reactive, rather than part of a formal process.
2. There is no process for learning how to do better – no “Plan, Do, Check, Act” cycle.
3. There is no rhythm in the culture i.e. meetings are irregular or even non-existent. This reduces the potential for successful actions.
4. Managers do not understand the benefit of KPIs. KPIs are viewed suspiciously as personal yardsticks to be used by top management to catch lower ranks out.

One of the key messages from these problems is that the use of lag indicators is very reactive, focusing on whether or not past performance was achieved and then reacting to the situation.

“Lead Indicators” however, are future focused and are pro-active. They are behavioural focused. For example, if an organisation wants to achieve a certain strategic outcome, then what consistent behaviours must be demonstrated which will achieve the outcome?

The outcome itself may be measured with numbers, but the activity to achieve it is measured in behaviours. Some organisations measure this by adhering to their company values, while others look to mechanisms such as the balanced scorecard, where the future focused strategy of the organisation is mapped out into a series of smaller behaviour-focused objectives.

In fact, the various definitions of “leadership” in today’s environment often focus on it being the process of influencing the behaviour of other people toward group goals.

So, we can see some correlation between leadership and lead (or leading) indicators in a business.

Here's a common example of lead indicators:

- Where the objective is increased sales figures, the lead indicators may be about the behaviour-focused objectives of networking, customer satisfaction rates increased through relationship building and fast turn-around time on orders.

The leader can also be looking at past sales performance, and exploring which behaviours were effective and which were not, and then use that information to focus on developing effective future behaviours.

Another prime example would be a politician trying to win an election. They have to explore the lag indicator data of previous and current polls, but they also have to draw from that data, information about the necessary behaviours it'll take to win. The future-focused behaviour targets to win the election become in many cases more important than the past-focused lag indicators. Both are needed, and neither could be effective without the other.

Lead indicators are also external trends and behaviours of the market. Where is the market heading? What are the buyer behaviours? How are buyers responding to trends in the market?

However, for the purpose of this document, we're focusing on the internal behaviours of the people who make up the business, and therefore how their behaviours have a direct impact on the success of the business.

Skills Development Exercises

The questions and exercises below are designed to support you in developing a greater awareness of your business and its strategic objectives, which could further support you in identifying the necessary behaviours, or lead indicators, which if consistently performed may support you in achieving those high level business objectives.

The questions which follow may also serve as part of the agenda, or a checklist for a strategy development session for your leadership team.

General

- What is your organisation's Vision Statement? In other words, what is the ultimate future-oriented goal of the organisation, which would also be the reputation you will have earned?
- How do you currently measure your performance against your Vision Statement? If you are not currently measuring it, what metrics could be used?
- What is your organisation's Mission Statement? In other words, what are the consistent behaviours and strategies you demonstrate and measure which will achieve your Vision?
- How do you currently measure your performance against your Mission Statement? If you are not currently measuring it, what metrics could be used?
- What are your organisation's Company Values? These are your core operating principles, either in terms of business practice, or individual behaviours?
- How do you currently measure your performance against your Company Values? If you are not currently measuring it, what metrics could be used?
- Some companies find that this work on their Company Values, and the full integration throughout their organisational culture, is the most key to their lead behaviour success. For example, the consulting firm, Deloitte, operates their Seven Signals, or guiding culture, beliefs and behaviours of their organisation. These include behaviours around recruiting and retaining the best, talking straight and with honest communication, playing to win and thinking globally, etc. To read more about these seven signals, click [here](#). Could your Company Values be expanded such as in the Deloitte's example, to fully meaningful, integrated behaviours across the organisation? And if so, what outcomes do you feel you might achieve as a result?
- What are the top 5 objectives of your organisation right now and for the coming year or so? Make a list of the types of behaviours you feel are necessary to achieve these objectives.

- It may also serve to explore each role within the organisation, from a Human Resources strategic perspective. Consider the objective the role was designed to achieve and then explore the necessary behaviours that role needs to be able to effectively perform in order to meet the objective. For example, if you have a Sales Manager role, that position may require a number of customer-focused and people-leadership behaviours. Are those behaviours being effectively measured?
- Are there different streams, or categories of business products or services you provide? Using a coaching business as an example, there may be the actual coaching, information products, training and seminars. Each of these may have different types of behaviours required to effectively achieve the objectives within that stream. If your business has different streams, are there different types of necessary behaviours related to those streams?
- When you consider your business, do you see more lag indicators, or reacting to business performance than you do lead indicators, and being pro-active about business behaviours? What's the ratio between the two?
- Lag indicators and reactive measures do have their place. Are the lag indicators in your business effective and appropriate? Are the behaviours which affect the past performance being fairly reviewed? Are you using the data to design and inspire improved behaviours in the future?
- Are lag indicator, or past performance data, used for performance managing your employees? How do your employees respond to that? Are they feeling valued for their behaviours, or do they feel their work is about numbers? Or do they feel something else?
- If you are inspiring your employees with the future-focused vision, and all the lead indicator behaviours "pep talk" strategies, do they ever get confused if they are then measured by lag indicators which don't match the lead indicators they were originally inspired by?
- If you are having difficulty with any of the above questions, have you considered engaging a business coach, consultant or other specialised professional service to assist you? If you haven't considered it before, can you see any benefits by doing so now?

Acknowledgements

Some of the material used in creating this document was sourced from the article, *Key Performance Indicators: Building Behaviours* by Robin Tidd (see full article [here](#)).

This coaching resource document was created by Noel, Posus, Director askacoach.com and contributed to by other members of the team, drawing on specific coaching skills, models and knowledge from our individual and collective experiences.

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