

# How to develop performance indicators

**Performance indicators are measures that show whether progress is being made on particular outcomes or goals.**

Services can use benchmarks, baselines or targets as their performance indicators, which can be especially helpful for reporting on grants or funding agreements. Sounds good... What are they?

Performance indicators are measures that show whether progress is being made on particular outcomes or goals.

They can be used to describe:

- your starting position (baseline indicator);
- where you want to get to (target indicator); or
- a comparison with other organisations like yours (benchmark indicator).

Indicators might show no change over time– which might be good if your goal is to maintain the status quo–or indicators might show positive or negative changes.

Generally indicators have numerical values, but they don't have to. Sometimes people use qualitative indicators, such as a case study. They do this if they want to explore how the world is understood, interpreted and experienced by individuals, groups or organisations.

However, funders like quantitative indicators. These are indicators that try to explain something by using numbers: they tell you how many, how much, how often. Generally we think of numerical indicators as being very scientific and objective, but they can also be used to measure subjective things, like people's attitudes or feelings. Also see [How to analyse and report on quantitative information](#).

Click here for step-by-step guides on

- [How to write a case study](#)
- [How to set a baseline outcomes indicator](#),
- [How to set a target outcomes indicator](#) and
- [How to set a benchmark outcomes indicator](#).

Here are some general guidelines on how to develop indicators.

## You can use the SMART technique to develop your indicator

One method is to use the acronym SMART to guide your indicator development. That is, Specific, Measurably, Attainable, Realistic and Timely.

<b>Specific</b>	A clear statement of what you expect to happen.
<b>Measurable</b>	How you will assess or describe the change: quality, quantity, cost or time.
<b>Attainable</b>	The work needs to be realistic and achievable.

<b>Relevant</b>	The change you are looking for needs to be relevant to your program.
<b>Timely</b>	There is a time frame for achieving the change you want to see.

An example of a SMART indicator:

Clients will report increased confidence in managing financial matters by the end of the program.

## You can develop indicators that are QQT (Quality, Quantity, Timing)

QQT is another acronym designed to help you develop your indicators. It means Quality, Quantity and Timing.

<b>Quality</b>	The kind of change
<b>Quantity</b>	The scope of the change
<b>Timing</b>	The time by when the change should have taken place

An example of a QQT indicator:

The number of people on self-directed support achieving their goals by the end of the support period.

## Or you can develop your own version

SMART and QQT are useful ways to remember what an indicator could look like, but don't let yourself be limited by what can be measured!

Some things are too complex to be measured and if you try, you may find yourself altering your outcomes statements to get something that is 'measurable'. You can end up writing something that seeks to measure what you **do**, not whether you are achieving the **outcomes** you hope to achieve.

You can be bold – leave out the 'M' and have SART goals! (Smart, Achievable, Reasonable and Timely). For a discussion on the risks of SMART goals (and a plea for the value of SART goals), read Demonstrating Value's blog ['Why SMART goals may not be that smart'](#).

## But... funders will want you to measure stuff

So if you can measure it, do so.

Overall, an indicator should be a good fit. Some indicators relate very closely to the outcomes you are working towards, other relate less closely – but that's ok.

The best indicators measure all of the idea of the outcome you are working towards. For example, your goal might be to 'support every client who wants to work to find employment'. Your indicator might be 'the proportion of clients who want to work who do find employment'. That's what's called **a direct measure**.

But your indicator might measure only part of the idea of the outcome you are working towards. For example, 'Number of trips to community facilities' is a partial measure of access to and availability of community facilities because access is also about affordability, physical accessibility, feeling safe and that you belong etc. This is still an acceptable indicator, but it's what's called **a partial measure**.

Sometimes indicators measure something quite different to the outcome. They measure an idea associated with the outcome even though the idea is quite different. The classic example is life expectancy being used as a measure of health outcomes. The age at which you might be expected to die seems an unusual way of measuring whether you have good health, but of course the ideas are related. This is called **an indirect measure**.

# Other Resources

Australian Institute of Community Directors (AICD) – [Finding the right NFP performance indicators](#)

## Referenced links

- [How to write a case study](#)
- [How to set a baseline outcomes indicator](#)
- [How to set a target outcomes indicator](#)
- [How to set a benchmark outcomes indicator](#)
- [How to analyse and report on quantitative information](#)