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# KPIs: The Good, the Bad, and the Useful

BY NATHAN RISLEY

There is a funny feeling some of us get from time to time. It happens when you just went on a shopping spree and are avoiding looking at that bank account balance.

Or that feeling when you are going to start your diet next week and avoiding the number on the scale. Ignorance is bliss, or at least that is what we tell ourselves when ignorance is our only protection from reflection and action. On the other side of the coin are those that track everything. Every dollar and calorie is monitored in a ritualistic fashion that gives purpose to the moment. Somewhere between these polar ends is a healthy middle ground: the tracking of useful information that will give us the best results without being bogged or paralyzed by the minutia.



Key performance indicators (KPIs) are used in the pursuit of achieving goals by breaking them down into the metrics that will not only give you a snapshot of the current state of your business, but can also be a predictor of future success, plateau, or failure. There are many ways to track and measure these data points with endless applications. In our practice, we monitor many statistics to guide us in staffing, scheduling, marketing, budgeting, and more. Many of these indicators can influence several areas at once and are the darlings of spreadsheet enthusiasts.

KPIs need to be as individualized as the practices they serve. The practice size, model, market, and any number of other unique qualifiers will determine what metrics will be valuable in reaching these goals. What works for one clinic may not work for another, so how do you make data work for your organization? Here are three areas to get you started in making the metrics work for you.

## 1. MAKE IT REAL

Like the goals they are meant to meet, KPIs need to be measurable. These indicators need to have a sense of tangibility to offer concrete information to guide the actions of your team. Solid data points need to be simple to understand and explain so that they can serve as motivators and governors for everyone that contributes to them.

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It is easy to get caught up in the wealth of information you are able to access and in all of the potential tools at your disposal including analytics, spreadsheets, pivot tables, and more. Think of the story you are trying to tell. If the data is too convoluted to easily demonstrate, it could be worse than no data at all, and it could end up confusing or distracting you or your team. Identify which metrics tell the best picture of what you are trying to attain. Then craft your message to explain to your team why it is important. This process will create buy-in from your team so everyone is moving toward a common goal.

2. CONSISTENCY IS THE BEST POLICY

It is incredibly important that the data is collected and studied on a consistent basis over a significant amount of time as to not only show clear trends, but also to exclude anomalies from skewing the data too harshly. This too can be customized to the needs of the practice, but it should be on a schedule. Make the compilation of the data a habit. Depending on what you want to measure, this may be daily, weekly, monthly, etc. Whatever time frame best serves the data, make sure that it is followed with as little interruption as possible.

Shifts in timing can alter the reliability of the data collected. Because you want a clear picture to best meet your goals, you need to be diligent in collecting that data at the set intervals as accurately as possible. This smooths out the bumps of one-off instances and oddities that are sure to appear from time to time. Gaps in this consistency will diminish the confidence we have in the data that we are working so hard to collect.

3. LESS IS MORE, SOMETIMES

Spreadsheets and data sets are like good puzzles. It takes many pieces, carefully curated and organized, to be fit together just right to form the bigger picture. There is a joy that comes when that picture comes into view and you can start to make sense of what you are meant to see. Trouble can come when you jump into a puzzle with too many pieces. Worse yet is when pieces from different puzzles get mixed together. The picture stops making sense, though you might not know it until you have spent a great deal of time and energy trying to force the pieces together.

When looking at a key performance indicator, I like to ask a simple question: why are we measuring this? It is easy to get caught up in the possibilities of the kind of information we CAN collect that we may lose sight of why we are collecting it. Sometimes the intention of the data seems important or clever, but in application, it muddies the overall story we are trying to understand. It is important to look to new data sources and try to implement them into our measurements, but it is equally important to know when the data is not serving our cause, either by offering unusable information, or worse, offering information that distorts the core data we are trying to understand. Review of these processes is key to continuing to refine our KPIs.

PUTTING IT ALL TOGETHER

Information is power and learning to wield that power will position you to succeed. It is better to start smaller and build on what works slowly over time. KPIs and the way we organize them can quickly grow into a cumbersome mess that is difficult to untangle. Take the time to establish a solid foundation and add to it over time in a way that is manageable and continues to add value to your workflow to not only meet your goals, but to raise the bar and continue to grow.

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Sample KPI Dashboard

Metric	Timeframe	Goal
Visits	Weekly	125
Evals	Weekly	9
Units per Visit	Weekly	3.4
Cancellation Rate	Weekly	<8%
Profit Margin	Monthly	12%
NPS	Monthly	>90
Labor Cost	Quarterly	<66%
% Cash Pay	Quarterly	>15%



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