



PERFORMANCE MEASUREMENT AND INCENTIVES – THE MODERN APPROACH

Presentation by:

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Introduction



□ **Expectancy Theory** is the view that people will act in ways that they expect will provide them with the rewards that they desire and prevent the penalties that they wish to avoid.



The Balanced Score Card - Stakeholders



The Main Stakeholders for an organization and their Participation in Performance and Incentives



Customers expects the right product, value for money and good service



Employees :- Salaries, benefits, decent working environment



Suppliers: - Growing business, Prompt payment



The Government: Growing taxes, alignment to its strategy of the day- Say BIG 4



Shareholders: Healthy return and investment growth

Customers



- Generates organizational value
- Quality Product that satisfies their needs
- 4Ps – Acts as a good Guide
- 4As of Marketing
- Customer Power: Per Minute / Per second billing

Employees



- Executes the organization mandate
- Equitable distribution of resources
- Executive oversight over all stakeholders
- Employee actions – Uchumi, National Bank

Employees - Video



<https://www.youtube.com/watch?v=78VaoiL9Fol>

Suppliers



- Product quality and Product Improvement
- Timely deliveries and logistics
- Pricing & Credit
- Supplier action – Petroleum Mining

The Government



- Ensures public good
- Provides the enabling environment for operations
- Collects taxes and enacts regulations
- Government action - Betting

The Shareholders



- Provides the funding for Companies
- Overall oversight of the Operations through the Board of Directors
- Expects returns in form of Dividends and growth
- Shareholder action: Athi river Mining / Nakumatt/Imperial Bank/ Trade Bank

Ranking?



- <https://www.youtube.com/watch?v=CKvaTT4rHuc>

Employees: Performance..?



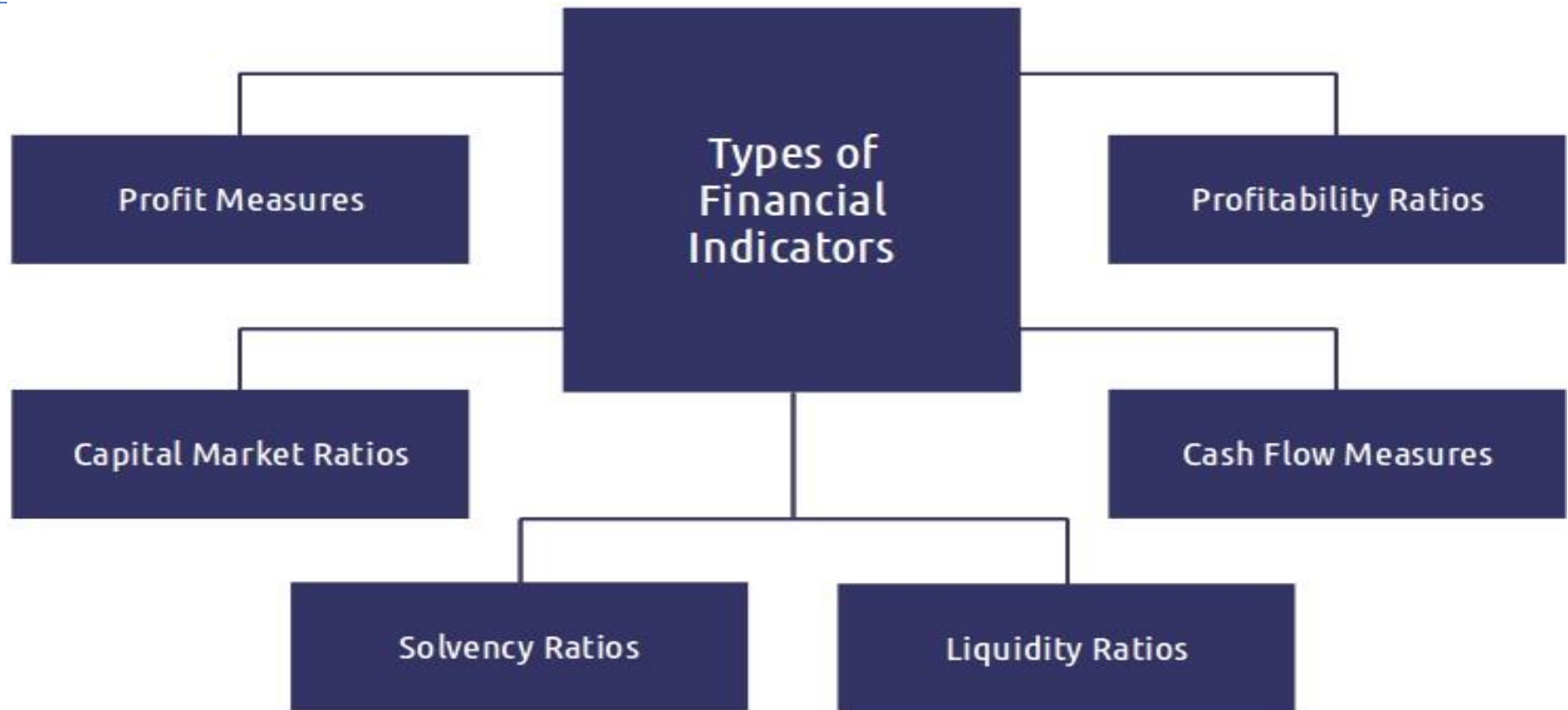
WHY MEASURE PERFORMANCE?

1. What gets measured gets done!
2. Effective decision making



3. Guide people's behavior proactively
4. Reduce administrative effort

Employees: Financial Performance



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Every company, every boardroom in which I sit, has a plan, and they have objectives, goals, and a process. And to make it work, the pressure and incentive have to come from the top. [Vernon Jordan](#)

Performance Key Performance Indicators (KPIs)



YTD Revenue Vs Prior Year YTD Revenue on all product lines

Change in Debt YoY

Break-even analysis and CAPEX items replacements

Revenue market share

Customer market share

EBITDA %

Capital intensity%

Debt/ EBITDA ratio

The true measure of the value of any business leader and manager is performance.” –
Brian Tracy

Employees: Key Performance Indicators (KPIs)



Net promoter score or other customer satisfaction score

Time to market (from idea generation to launch)

ARPU/ ARPA (average revenue per user/ per account)

Customer churn %

Share of market gross additions/ net additions

Network quality: eg service availability %, average downlink/ uplink, voice call completion rate, latency...

Service quality metrics: call centre service level, first call resolution rate, average time to solve trouble ticket

What do we see



Uber



Employees: What has Changed



Yester
Years

- Financial Dimension

Today

- Customer Dimension
- Human Dimension
- Operational Dimension

Future

- Creativity & Development Dimension

Employees: The New KPIs for Modern Businesses



Customer Satisfaction and Brand Reputation

Company Culture and Employee Retention

Knowledge Management

Digital Return-On-Investment and Customer
Acquisition

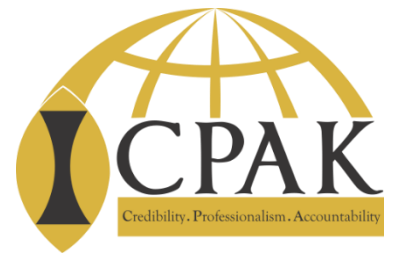
Social Media and Brand Awareness

The Executive Connection

<https://tec.com.au/new-kpis-modern-businesses/>

“Be a yardstick of quality. Some people aren’t used to an environment where excellence is expected.” – Steve Jobs

Q & A





Thank You