

Requirements for Shipping KPIs

- **KPIs accepted as part of the Shipping KPI System performance hierarchy must be:**
 - **Observable and quantifiable**
 - Mathematical formula on basis of unambiguous, observable measurements
 - **Valid indicator of performance**
 - Express performance within an area which the Ship Manager needs to perform well as well as having complete control of the factors affecting the performance
 - **Robust against manipulation**
 - To a large extent related to unambiguous descriptions of the needed measurements
 - No room for “favourable interpretations”
 - **Sensitive to change**
 - Will actual changes in the Ship Manager’s performance be reflected well (by increase/decrease) in the KPI Value over time?
 - **Transparent and easy to understand**
 - Would all of the “users” of the KPI interpret the KPI in the same manner
 - If the KPI can be said to be context-dependent, a high KPI Rating for one Ship Manager is not necessarily a positive thing while for another Ship Manager a high KPI Rating on the same KPI is to be interpreted as very positive indeed
 - **Compatible**
 - Is the KPI harmonized with the rest of the performance hierarchy?
 - The KPI must be compatible with other KPIs to prevent the decision-makers receiving contradictory control signals