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TELECOMMUNICATION SECTOR KPIs PROPOSED
by the Joint WICI Europe – EFFAS KPIs Task Force

The starting point for the identification of KPIs for the telecommunication sector is the below sketched model (see Figure 1), which shows how intangibles are linked to the value creation process.

The top section of the proposed model presents the ideal-typical value chain for companies operating in the telecommunication sector, whilst the left-side of the model highlights the six core competencies which are "critical success factors" across the Intellectual Capital categories.

The inner part of the model presents the main relationships between the core competencies/critical factors and the value chain activities. As the model illustrates, not all the critical factors have the same degree of importance along the value chain.

The strength of the model lies in its ability to display the critical areas to be investigated and measured through the proposed KPIs along the entire TLC sector value chain.

The basic premise is that a certain activity in the value chain is contingent upon a specific set of core competencies/capabilities, which in turn is driven by a pool of intangibles, each of which (as not measurable *per se*) is approximated in terms of measurement by a certain number of KPIs.

In this way, different perspectives of analysis can be provided, since each KPI can be diversely weighted in a company's analysis depending on the KPI's importance in that company's value chain.

Finally, the model matches the proposal of the WICI concept paper (section 5-3).

For each of the IC-linked core competencies/critical success factors a list of KPIs is identified (see Figure 2). The complete list of KPIs is also proposed in a different format in Table 1, where each KPI is connected to one of the six critical success factors and the related Intellectual Capital area (e.g. Human Capital, Organisational Capital, and Relational Capital).
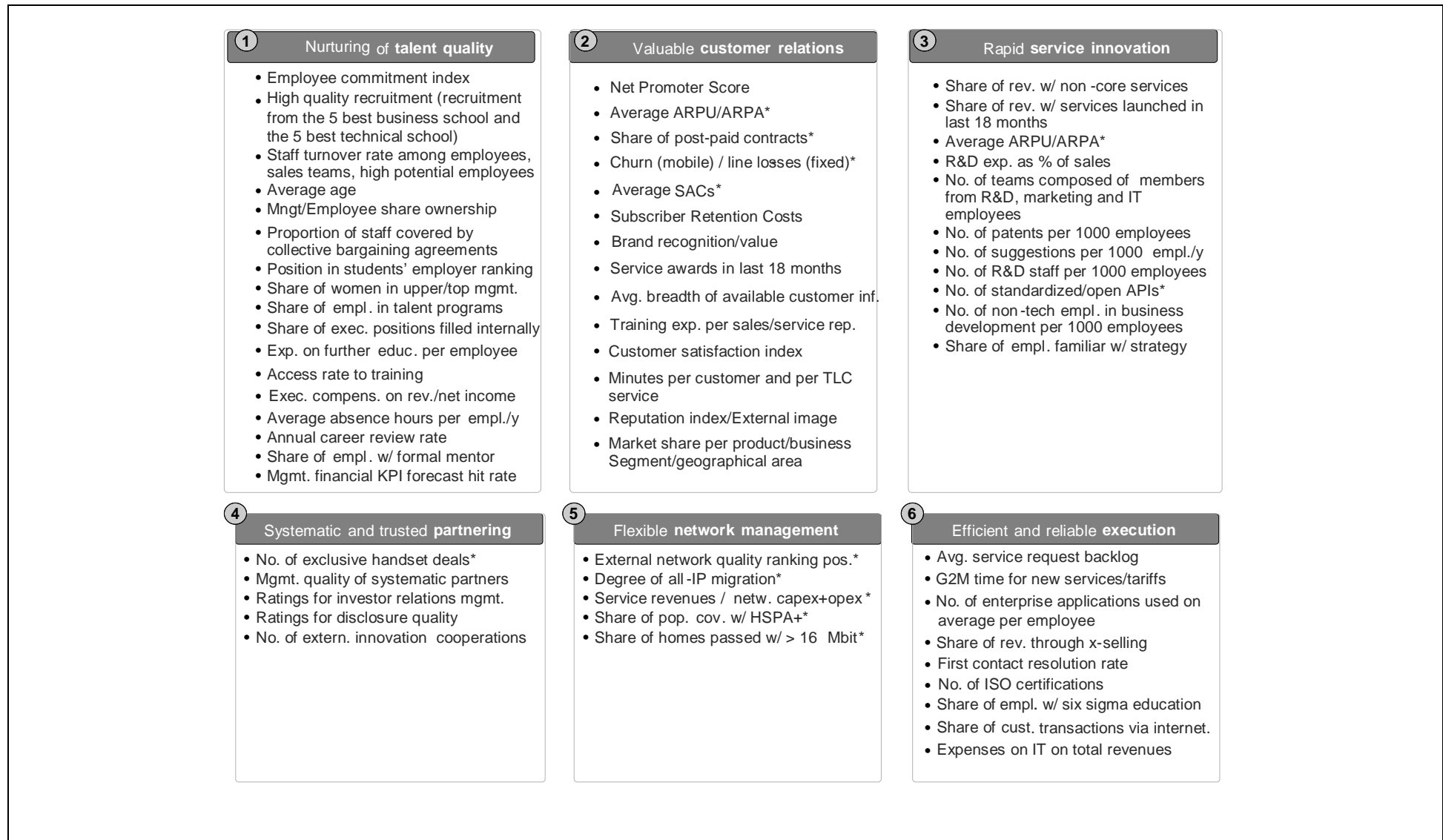
An assessment of the level of importance of each KPI is also provided in Table 1 in order to offer a rank of them that is specific for the companies operating in the telecommunication sector.

Finally, Table 1 provides also some notes on the proposed indicators as to their measurement unit and the need for showing their trend over time.

Figure 1. The proposed model
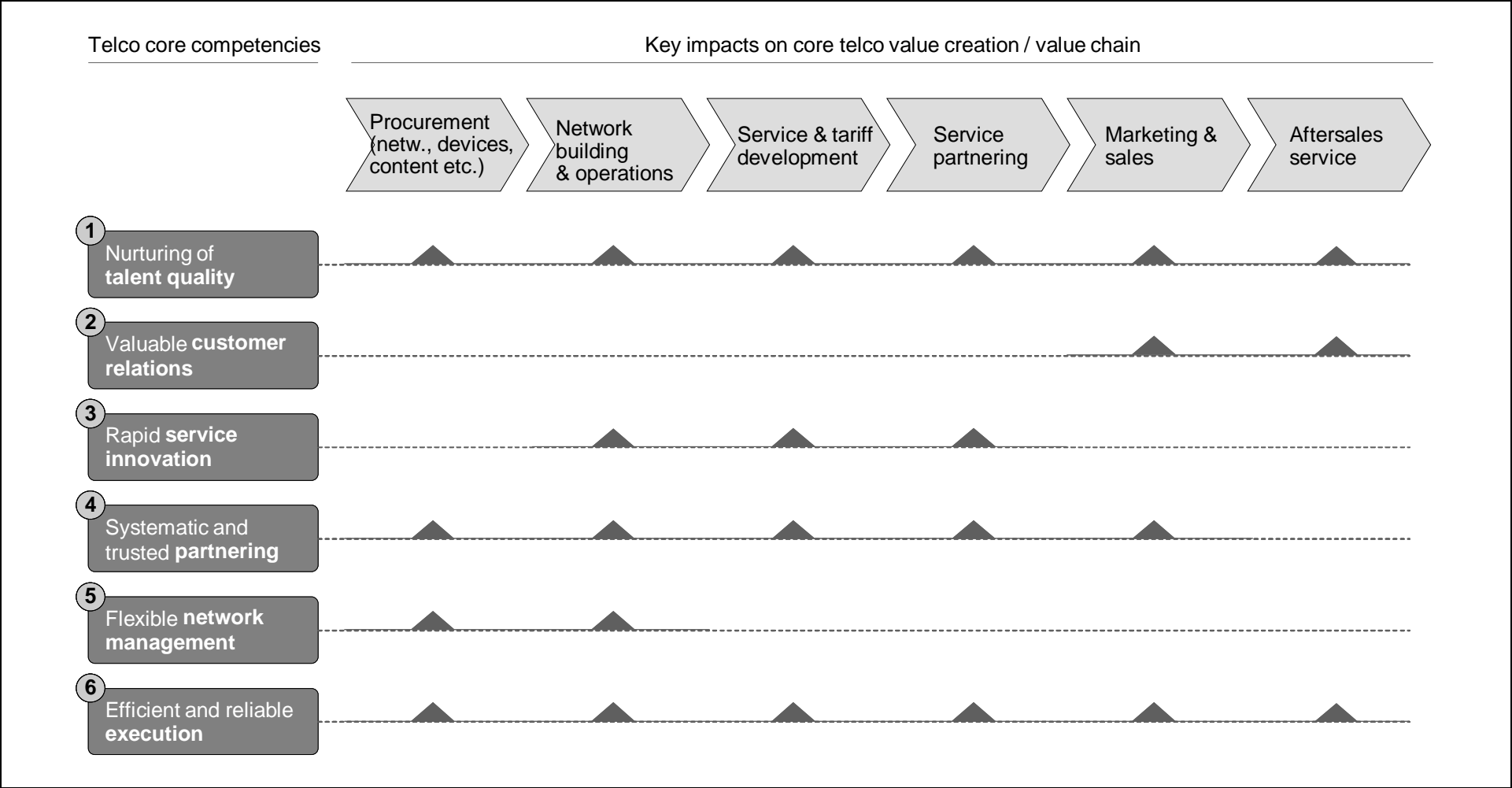
Figure 2. TLC sector: the complete list of proposed KPIs per core competencies/critical success factors

1 Nurturing of talent quality

- Employee commitment index
- High quality recruitment (recruitment from the 5 best business school and the 5 best technical school)
- Staff turnover rate among employees, sales teams, high potential employees
- Average age
- Mngt/Employee share ownership
- Proportion of staff covered by collective bargaining agreements
- Position in students' employer ranking
- Share of women in upper/top mgmt.
- Share of empl. in talent programs
- Share of exec. positions filled internally
- Exp. on further educ. per employee
- Access rate to training
- Exec. compens. on rev./net income
- Average absence hours per empl./y
- Annual career review rate
- Share of empl. w/ formal mentor
- Mgmt. financial KPI forecast hit rate

2 Valuable customer relations

- Net Promoter Score
- Average ARPU/ARPA*
- Share of post-paid contracts*
- Churn (mobile) / line losses (fixed)*
- Average SACs*
- Subscriber Retention Costs
- Brand recognition/value
- Service awards in last 18 months
- Avg. breadth of available customer inf.
- Training exp. per sales/service rep.
- Customer satisfaction index
- Minutes per customer and per TLC service
- Reputation index/External image
- Market share per product/business Segment/geographical area

3 Rapid service innovation

- Share of rev. w/ non-core services
- Share of rev. w/ services launched in last 18 months
- Average ARPU/ARPA*
- R&D exp. as % of sales
- No. of teams composed of members from R&D, marketing and IT employees
- No. of patents per 1000 employees
- No. of suggestions per 1000 empl./y
- No. of R&D staff per 1000 employees
- No. of standardized/open APIs*
- No. of non-tech empl. in business development per 1000 employees
- Share of empl. familiar w/ strategy

4 Systematic and trusted partnering

- No. of exclusive handset deals*
- Mgmt. quality of systematic partners
- Ratings for investor relations mgmt.
- Ratings for disclosure quality
- No. of extern. innovation cooperations

5 Flexible network management

- External network quality ranking pos.*
- Degree of all-IP migration*
- Service revenues / netw. capex+opex*
- Share of pop. cov. w/ HSPA+*
- Share of homes passed w/ > 16 Mbit*

6 Efficient and reliable execution

- Avg. service request backlog
- G2M time for new services/tariffs
- No. of enterprise applications used on average per employee
- Share of rev. through x-selling
- First contact resolution rate
- No. of ISO certifications
- Share of empl. w/ six sigma education
- Share of cust. transactions via internet.
- Expenses on IT on total revenues

Table 1. The complete list of KPIs for the telecommunication sector

Nr.	KPI	IC area	Focus	Importance*	KPI's features
1	Employee commitment index	Human Capital	Nurturing of talent quality	1	degree and trend
2	High quality recruitment (recruitment from the 5 best business school and the 5 best technical school)	Human Capital	Nurturing of talent quality	1	percentage and trend
3	Staff turnover rate among employees, sale teams, high potential employees	Human Capital	Nurturing of talent quality	1	percentage and trend
4	Average age	Human Capital	Nurturing of talent quality	1	year and trend
5	Management/Employee share ownership	Human Capital	Nurturing of talent quality	1	percentage and trend
6	Proportion of staff covered by collective bargaining agreements	Human Capital	Nurturing of talent quality	1	percentage and trend
7	Executive compensation on total revenues/net income	Human capital	Nurturing talent quality	1	Percentage and trend
8	Annual career review rate	Human Capital	Nurturing of talent quality	2	percentage and trend
9	Share of women in upper/top mgmt. (to attract female talents)	Human Capital	Nurturing of talent quality	2	percentage and trend
10	Share of employees in talent programs	Human Capital	Nurturing of talent quality	2	percentage and trend
11	Share of executive positions filled internally	Human Capital	Nurturing of talent quality	2	percentage and trend
12	Expenses on further education per employee	Human Capital	Nurturing of talent quality	2	money and trend
13	Access rate to training (Proportion of employees having their annual career review with the management)	Human Capital	Nurturing of talent quality	2	percentage and trend

Telecommunication sector KPIs proposed by WICI Europe (Interim Version 1.0)
As of October 26, 2010

Nr.	KPI	IC area	Focus	Importance*	KPI's features
14	Average absence hours per employee/year	Human Capital	Nurturing of talent quality	2	number and trend
15	Financial KPI forecast hit rate by management	Human Capital	Nurturing of talent quality	2	percentage and trend
16	Position in students' annual employer ranking survey (where existent)	Human Capital	Nurturing of talent quality	3	ranking against a country's other companies or across countries
17	Share of employees with formal mentor (where an existent process)	Human Capital	Nurturing of talent quality	3	percentage and trend
18	Avg. service request backlog	Organisational Capital	Efficient and reliable execution	1	degree and trend
19	G2M time for new services/tariffs	Organisational Capital	Efficient and reliable execution	1	time and trend
20	No. of enterprise applications used on average per employee	Organisational Capital	Efficient and reliable execution	1	number and trend
21	Share of revenues through x-selling	Organisational Capital	Efficient and reliable execution	1	percentage and trend
22	First contact resolution rate	Organisational Capital	Efficient and reliable execution	1	percentage and trend
23	Expenses on IT on total (business segment) revenues	Organisational Capital	Efficient and reliable execution	1	percentage and trend
24	No. of ISO certifications	Organisational Capital	Efficient and reliable execution	2	number and trend
25	Share of employees with six sigma education	Organisational Capital	Efficient and reliable execution	2	percentage and trend
26	Share of customer transactions via internet	Organisational Capital	Efficient and reliable execution	2	percentage and trend
27	Share of revenues with non-core services	Organisational Capital	Rapid service innovation	1	percentage and trend
28	Share of revenues with services launched in last 18 months	Organisational Capital	Rapid service innovation	1	percentage and trend

Nr.	KPI	IC area	Focus	Importance*	KPI's features
29	Average ARPU (average revenue per user)/ARPA*	Organisational Capital	Rapid service innovation	1	money and trend
30	R&D expenses as % of sales	Organisational Capital	Rapid service innovation	1	percentage and trend
31	No. of teams composed of members from R&D, marketing and IT employees	Organisational Capital	Rapid service innovation	1	number and trend
32	No. of patents per 1000 employees	Organisational Capital	Rapid service innovation	2	number and trend
33	No. of suggestions per 1000 employees/year	Organisational Capital	Rapid service innovation	2	number and trend
34	No. of R&D staff per 1000 employees	Organisational Capital	Rapid service innovation	2	number and trend
35	No. of standardized/open APIs*	Organisational Capital	Rapid service innovation	2	number and trend
36	No. of non-tech employees in business development per 1000 employees	Organisational Capital	Rapid service innovation	2	number and trend
37	Share of employees familiar with strategy	Organisational Capital	Rapid service innovation	3	percentage and trend
38	External network quality ranking positions*	Relational Capital	Flexible network management	1	degree and trend
39	Degree of all-IP migration*	Relational Capital	Flexible network management	1	degree and trend
40	Service revenues / network capex + opex*	Relational Capital	Flexible network management	1	percentage and trend
41	Share of population covered with HSPA+*	Relational Capital	Flexible network management	2	percentage and trend
42	Share of homes passed w/ > 16 Mbit*	Relational Capital	Flexible network management	2	percentage and trend
43	No. of exclusive handset deals*	Relational Capital	Systematic and trusted partnering	1	number and trend

Nr.	KPI	IC area	Focus	Importance*	KPI's features
44	Management quality of systematic partners (qualitative assessment by external agency)	Relational Capital	Systematic and trusted partnering	1	rating/scoring
45	Ratings for investor relations mgmt.	Relational Capital	Systematic and trusted partnering	1	degree and trend
46	Ratings for disclosure quality	Relational Capital	Systematic and trusted partnering	1	degree and trend
47	No. of external innovation cooperations	Relational Capital	Systematic and trusted partnering	2	number and trend
48	Minutes per customer and per TLC service	Relational Capital	Valuable customer relations	1	time and trend
49	Customer satisfaction index	Relational Capital	Valuable customer relations	1	degree and trend
50	Net Promoter Score	Relational Capital	Valuable customer relations	1	percentage and trend
51	Average ARPU/ARPA*	Relational Capital	Valuable customer relations	1	money and trend
52	Share of post-paid contracts*	Relational Capital	Valuable customer relations	1	percentage and trend
53	Churn (mobile) / line losses (fixed)*	Relational Capital	Valuable customer relations	1	percentage and trend
54	Average SACs*	Relational Capital	Valuable customer relations	1	money and trend
55	Subscriber Retention Costs	Relational Capital	Valuable customer relations	1	money
56	Brand recognition/value	Relational Capital	Valuable customer relations	1	degree/money and trend
57	Reputation index/External image	Relational Capital	Valuable customer relations	1	scoring
58	Market share per product/business segment/geographical area	Relational Capital	Valuable customer relations	1	percentage and trend
59	Service awards in last 18 months	Relational Capital	Valuable customer relations	2	number and trend

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Nr.	KPI	IC area	Focus	Importance*	KPI's features
60	Avg. breadth of information available on customers	Relational Capital	Valuable customer relations	2	% vis-à-vis a list of potential customer information
61	Training expenses per sales/service representative	Relational Capital	Valuable customer relations	3	money and trend

Endnotes:

- KPIs are listed in order of importance, where 1 is the higher degree and 3 the lowest.
- * means that this is a telecommunication sector-specific KPI.