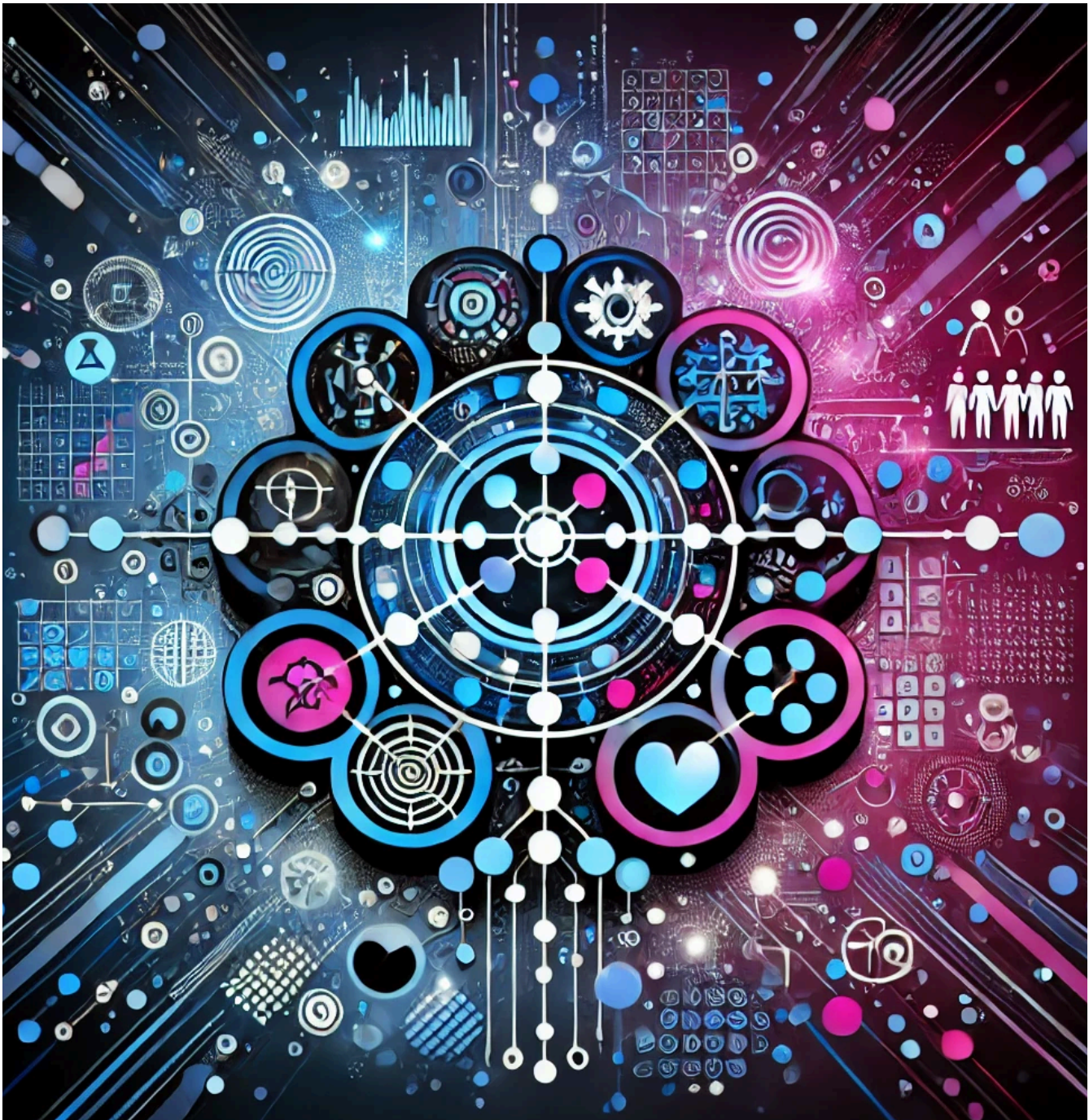


# Your KPIs Have Been Deceiving You: Why You Need KBIs



# Synopsis

*Most leaders understand that you get what you measure. That's why executives love Balanced Scorecards, OKRs and KPIs because they are factual, tangible and quantifiable. But, these metrics weren't developed to understand **performance**, they were developed to monitor and assess **results**. KPIs can't tell you how innovative, agile, or adaptive you are. They can't tell you how well your organization is operating today. They only tell you what you did or didn't achieve, but leave no insight as to why. Relying solely on KPIs to manage performance may be limiting your ability to drive strategic change.*

*In this article, iF will introduce a critical concept that fills this gap: **Key Behavior Indicators (KBIs)**. These will help you understand which behaviors are critical to future performance and how consistently they are being practiced in your organization to more effectively drive behavior at scale.*

Every year, organizations spend more than \$30 billion on strategy creation— and more than 80% of those strategies [fail](#). Organizations pivot business models, implement new technologies, restructure business units, or complete major capital projects, yet are unable to produce the meaningful benefits they were designed to achieve. When change initiatives fail they rarely fail on technical merit; they often fail in managing behavior change at scale.

The prevalent change management narrative points us to a common set of breakdowns attributed to strategic failures:

- Lack of a clear vision
- Insufficient executive sponsorship
- Misalignment with the priorities, goals or plans
- Inadequate employee engagement
- Poor communication
- Insufficient training and development.

We don't disagree with the common explanations for why change efforts fail. These are well-documented, and when neglected, they do increase resistance to change.

But here's the real problem: even when these issues are addressed, they often lead only to surface-level adoption — not the behavioral transformation needed to realize the full strategic intent. In other words, they help with technical implementation, but not with changing how people think and act day to day.

For example, in one case we saw a team adopt a new software tool designed to improve customer centricity — but they continued hiding problems and avoided collaborative feedback to meet internal metrics. In another, teams performed Agile rituals but avoided risk-taking or experimentation.

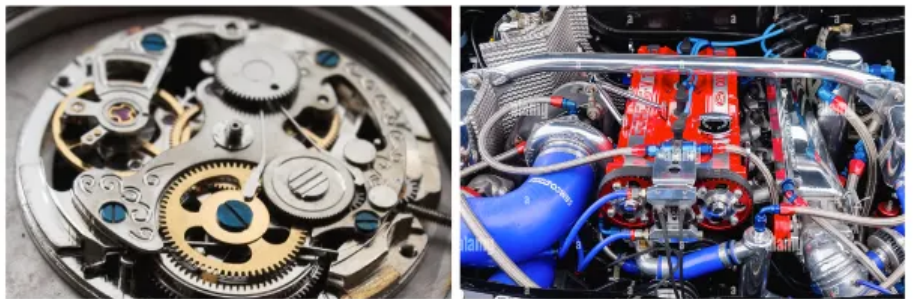
These kinds of misalignments reveal a deeper shortcoming in current change management models: they often stop at adoption, without ensuring the behavioral shifts that drive higher levels of performance and adaptability.

Taken together, these examples highlight how addressing surface-level barriers isn't enough — it's the deeper design of the organization itself that often stands in the way. We identified two blind spots that point directly to this underlying gap, revealing why so many change efforts fall short of true transformation.

## Blind Spot #1: Tackling Complexity

When working with leaders we often heard them refer to the challenges and change initiatives they grappled with as “complicated” or “complex.” We realized that these concepts were being used interchangeably, which created challenges for their teams.

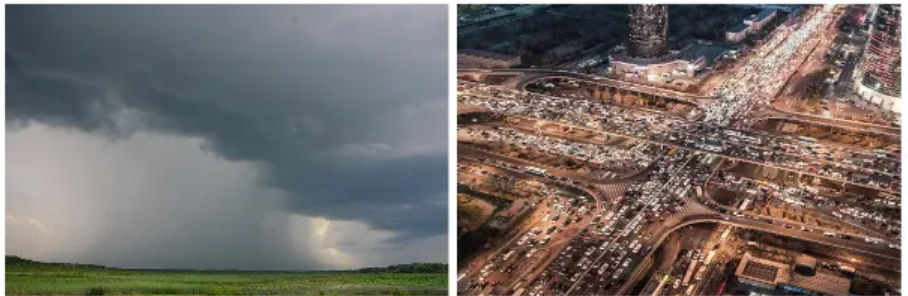
If I showed you a picture of a wrist watch, a car engine, a weather pattern, and live traffic could you tell me which was an example of a complicated or complex system? We've repeated this exercise hundreds of times and most struggle to discern the difference.



**Complicated** challenges are technical in nature. A watch or a car engine are examples of a complicated system. They are causal systems that are linear and can be broken down into parts that can be diagnosed and understood; they can be predicted. They may have

many parts to them, but people with the right expertise can usually understand them and they can be fixed.

If you take your car to a repair shop a mechanic can run a diagnostic. It might take some work, but they can root cause and isolate the issue, create a work plan and usually fix the problem. In organizations, this is the world of root cause analysis, diagnosis, work plans & implementation, and conventional management was designed to solve these kinds of problems. These often involve goals and initiatives related to software implementation, constructing a new facility, running an annual event, implementing a training program, or establishing a new policy. They may have many moving parts and require expertise, but the output is knowable.



Weather, traffic... a six year old. These are examples of **complex adaptive** systems. They are dispositional in nature, meaning they have a general direction they're going, but we can't be sure how they will develop or change. Complex systems (like complex goals or complex work) can surprise us. They have an emergent property to them. They evolve and are not predictable, so we can't change them the way we want.

Complex systems cannot be fixed. No one can fix a garden. You can't fix the weather. You can only continuously interact, manage and adjust to them. In organizations, examples of complex change include goals related to customer experience, employee engagement, DE&I, growth, safety, or productivity. Diagnosis and root cause analysis aren't effective with these systems, and using a work plan is the wrong tool and approach. With these kinds of goals you cannot know from the start of an initiative what will work, for whom, under what conditions, so you need an approach to continuously interact and learn.

Understanding this distinction is at the heart of where we see things break down in organizations. We think what's happening in many

organizations today is that leaders are approaching complex change/problems using complicated or causal tools and approaches, and that sets them up for failure.

## Blindspot #2: Results vs Performance

Blind spot number two refers to an organizational default that pulls leaders to focus solely on results instead of performance. These two terms are also commonly conflated by leaders we work with and it's important to draw the distinction. So what's the difference?

**Performance =  
Actions Taken**

**Results =  
Outcomes Achieved**

Put simply, results are the outcomes we achieve, while performance is the set of actions taken to achieve those results. Performance and results are different, yet companies use the same metric to understand both: Key Performance Indicators (KPIs) or Objectives and Key Results (OKRs). However, KPIs and OKRs are designed to help you monitor and track results. This is a major gap for leaders who are stewarding change, growth, and the adoption of new ways of working.

KPIs can't tell you how innovative, agile, or adaptive you are. They can't tell you how well your organization is operating today or what behaviors are being consistently repeated. They only tell you what you did or didn't achieve, but leave no insight as to why. Relying solely on KPIs to manage performance won't help you drive behavior change at scale. You need to pay attention to something different.

Given this distinction, leaders need to be asking two questions related to change initiatives:

1. What **outcome(s)** do we need to achieve?
2. What **behavior(s)** will drive that outcome?

Most can answer question #1, but few can answer #2. In our experience, there is often no visible behavioral accountability. In fact, we find that very few leaders can quantify which behaviors are being

consistently practiced in their organization. This presents a blind spot for leaders who are driving complex challenges.

**Behaviors are the building blocks of results.** What we do collectively every day creates the outcomes we achieve. Are we reactive or proactive? Do we have a bias for action or wait for evidence? Do we jump to solutions or frame problems to solve? Our behaviors influence the efficacy of our processes and interactions with each other.

**Behaviors are immediate indicators.** KPIs tend to focus on “what” we are striving to achieve, while behaviors describe “how” we will achieve them. They are observable and adjustable today, which makes them leading indicators of future outcomes. We can hear team members in meetings say, “We can’t...” or we might hear them say, “What if we...” or “We don’t know how to do that...yet.” Either way we have immediate opportunities to influence and reinforce the ideal behaviors.

**Patterned behavior creates predictive outcomes.** We are what we repeatedly do. Excellence, then, is not an act, but a habit. Measuring behavior helps us understand the organizational readiness to meet current & future challenges.

**How we achieve results matters.** We can’t ask people to be more adaptable or innovative if your organization reinforces inflexibility. It’s something we must nurture intentionally over time, but how? The 80/20 rule reminds us that 20% of our behavior drives 80% of our results. This is important because it instructs us to uncover the 20% of behaviors that are vital to our results so we can focus our efforts with reinforcement.

## A New Way to Approach Strategic Change

To improve the efficacy of strategic initiatives, we propose leaders stop approaching complex change using causal tools and approaches, and broaden their metrics to understand both performance *and* results.

A metric that we believe is missing in today’s organization is the **Key Behavior Indicator (KBI)**. KBIs measure the consistency of actions taken that drive ideal behavior. KPIs are great at telling us what happened (historical result), but KBIs provide insight into what *will* happen (future results).

A Key Behavioral Indicator is a clearly defined, observable behavior that drives a desired outcome. It's something you can see, name, and coach. It links directly to your key business results, not just in theory, but in practice.

Key Behaviors aren't vague character traits like "be collaborative" or "focus on accountability." They are actions – micro-moves that signal culture, reinforce values, and drive strategy forward. For example:

- Shares feedback directly, constructively, and with compassion
- Offers support to a peer without being asked
- Admits a mistake and shares the lesson learned
- Asks for input before making a team decision
- Pushes back respectfully when something feels misaligned
- Speaks up when timelines, quality, or morale are at risk
- Recognizes a colleague for their contribution in a public setting
- Delegates stretch assignments with built-in feedback loops
- Raises risks or early warning signs proactively
- Speaks truth to power; willing to give the leader feedback
- Actively listens without interrupting or steering the conversation
- Seeks feedback from peers or direct reports
- Encourages multiple perspectives in meetings
- Invites a quieter team member into the conversation
- Follows through on commitments without being chased
- Shares bad news transparently with proposed next steps
- Clarifies priorities when requests feel conflicting
- Reflects on a tough interaction and brings insights back to the team
- Practices presence in high-stakes or high-conflict discussions
- Asks open-ended questions to promote solution-focused dialogue
- Makes space for emotional responses without shutting them down

These behaviors are subtle, but they can be objectively observed and measured, and they can be powerful drivers of current and future performance. When woven into a team or organisation's cultural fabric, they create the conditions for trust, innovation, and high performance.

# Building a Key Behavior Blueprint

Many behaviors contribute to the achievement of business results. Key Behaviors follow the 80/20 rule: 80% of an organization's results stem from just 20% of the key repetitive actions taken by its employees. When these key behaviors are practiced consistently by many, it transforms behaviors into mission-critical habits. We start the process by helping organizations build a **Key Behavior Blueprint** that links organizational plans, and strategic results with key behaviors.

**Step 1: Prioritize behavior-based results.** Great strategies fail when teams don't link measurable behavior change to strategic outcomes. Determine which business results will improve using a behavior-based approach and align on the key business results to impact.

**Step 2: Identify key performer groups.** Identify the key performer groups that most strongly impact the targeted results. This could include groups such as leadership, departments, specific roles or individual teams.

**Step 3: Define the key behaviors.** Determine the vital few behaviors (20%) that will have the greatest impact on results. We recommend 3-5 key behavior indicators that are clear (observable) and vital (necessary to achieve results).

**Step 4: Establish core practices.** Reinforcing consequences is 4x more powerful with behavior change than restating expectations. We help teams develop core practices that positively reinforce behaviors and embed them into the daily workflow.

**Step 5: Develop feedback loops.** Ongoing behavior change requires setting clear expectations, providing actionable feedback, and removing barriers to action. We help teams build their KBI dashboards, track key behaviors, and set a cadence of learning & accountability to continuously manage performance to key results.

# Nothing Changes Until Behavior Changes

Driving new performance requires focus and intention. We get in our own way when we use complicated approaches to complex challenges, *and* only focus on results at the expense of managing performance. The Key Behavior Indicator offers an elegant solution to both organizational blind spots by providing leaders a metric to continuously assess and optimize performance. It's a missing link.

KBIs provide a tangible and measurable way to drive behavior at scale. They indicate your organization's readiness to meet current and future challenges by helping leaders:

- Define the key behaviors (20%) needed to achieve key business outcomes
- Measure how consistently those behaviors are practiced across the organization
- Identify the core practices needed to strengthen and reinforce them

In an era where the ability to adapt and innovate is more critical than ever, managing behavior as a core business process offers a significant competitive advantage. Organizations that excel in this area will not only survive but thrive in the face of ongoing change and uncertainty.

### **Want to Build Your Key Behavior Blueprint?**

If you would like to learn more about building a KBI Blueprint for your team or organization, contact:

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