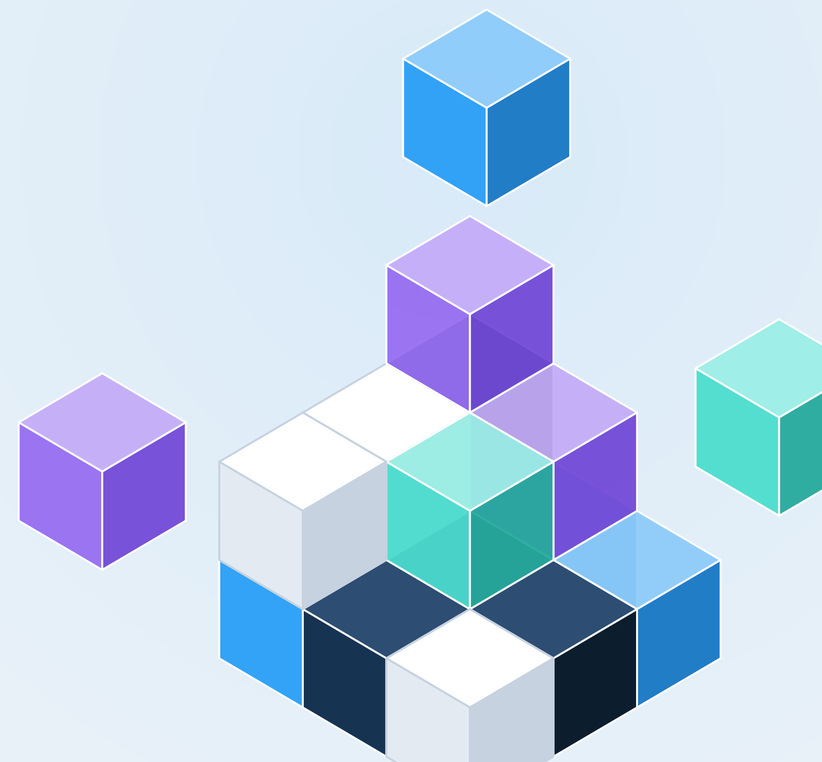
STRATEGY & PERFORMANCE

Leading vs Lagging Indicators

Leading indicators measure activities and conditions that predict future results. Lagging indicators measure the results after they have happened.



01 THE CORE MODEL

CAUSE-TO-RESULT CHAIN · ACT EARLY, CONFIRM LATER

LEADING
Safety walks done
Supervisors, every week

→

LEADING
Hazards closed
Within one week

→

LAGGING
Injury rate
Reviewed monthly

LEADING
Process audits done
Every shift, every line

→

LEADING
First pass yield
Per line, daily

→

LAGGING
Customer complaints
Reviewed monthly

Leading indicator

Measures activities or conditions that predict future results.

Lagging indicator

Measures outcomes after the fact, such as injuries or profit.

Causal link

The assumed connection between them; verify it with data over time.

02 USING BOTH

Lagging indicators say if you won; leading ones say how to win.

LAGGING ——— LEADING

LAGGING ONLY

- \+ Clear, credible outcomes
- − Too late to change the result
- − Rare events give little signal

LEADING AS WELL

- \+ Early warning, time to act
- \+ Teams can influence them daily
- − Can be gamed if the links are weak

03 WORKED EXAMPLE

ASSEMBLY PLANT SAFETY · BUILDING THE CHAIN

LEADING
Safety walks
by every supervisor

→

LEADING
Hazards closed
within one week

→

LAGGING
Recordable injuries
reviewed monthly

→

CHECK
Link confirmed?
compare trends yearly

04 MANAGEMENT TAKEAWAYS

01
Pair each lagging KPI
Give every result metric one or two leading drivers.

02
Choose drivers people control
Leading indicators must be within the team's influence.

03
Test the link
Drop leading metrics that do not predict results.

05 COMMON MISTAKE

LIMITATION
Counting activity for its own sake
Measuring the number of audits without their quality leads to box-ticking.