HOW TO CONDUCT A
KPI INTEGRITY AUDIT

BEFORE OUTSOURCING CONTRACT RENEWAL

A PRACTICAL GUIDE FOR OPERATIONS LEADERS

Table of Contents

unitycommunications
HYBRID BUSINESS PROCESS OUTSOURCING

How to Conduct a KPI Integrity Audit Before Outsourcing Contract Renewal

Most outsourcing leaders know **how to review vendor performance** at renewal. Conversations about pricing, scope, staffing, and SLA adherence happen every time. What rarely happens is a serious look at the KPI system behind the scorecard.

Metrics shape vendor behavior, governance conversations, and what both sides treat as success. When they go unexamined, contract renewal just carries the same blind spots into the next cycle.

This guide walks through a practical **KPI audit** process built for operations leaders preparing for **contract renewal**.

Why KPI Audit Matters Before Renewal

Your BPO agreement today looks nothing like it did when the contract was first signed. Customer expectations have shifted, and automation has absorbed routine work, leaving human agents to handle more complex cases. What the business cares about has likely moved from speed toward resolution quality, customer effort, and reduced internal workload.

Your KPI framework probably has not kept pace.

A metric that made sense at contract launch may no longer reflect how the operation actually works. Response time may still be tracked, but it does not tell you whether issues are genuinely resolved. Ticket closure speed may look strong while customers return with the same problem. Escalation rates may appear low because agents are avoiding escalation.

Contract renewal is the right moment to correct this. Once a new agreement is signed, KPIs become harder to change. Reporting systems, incentives, and governance routines anchor around them quickly.

If you carry the old scorecard forward without a **KPI audit**, you carry its blind spots forward, too. Here are the steps to take when performing a KPI audit.

Step 1: Inventory Every KPI

Start by listing every metric currently used to evaluate the outsourcing program.

This includes formal KPIs in the contract, SLA schedules, scorecard measures, dashboard metrics, governance review indicators, and incentive-linked targets.

Some metrics may not be written into the contract, but they still matter. If a metric appears in every monthly or quarterly review, it influences behavior.

For each KPI, document the basics:

Item	What to Document
Metric name	The exact KPI or SLA being tracked
Definition	How the metric is calculated
Data source	Where the number comes from
Review frequency	How often it is discussed
Accountable party	Who is expected to improve it
Contractual impact	Whether it affects penalties, incentives, or service credits
Intended purpose	What business outcome it is supposed to support

This step often reveals metrics that are outdated, duplicated, unclear, or included only because they have always been there.

A clean inventory gives leaders a better starting point for renewal discussions.

Step 2: Connect KPIs to Business Outcomes

Every KPI should support a clear business outcome.

Response time may support customer access. First-contact resolution may reduce customer effort. Quality scores may support accuracy and risk control. Reopened ticket rates may show whether issues are truly resolved.

If a KPI cannot be connected to a useful outcome, it may not belong in the scorecard anymore.

This matters because outsourcing and offshoring dashboards often favor metrics that are easy to measure. Speed, resolution, volume, and queue movement are useful. But they do not always prove that the service is working well.

For each KPI, ask:

- What business priority does this metric support?
- If this KPI improves, what should improve in the business?
- Would this metric still be chosen if the scorecard were designed today?
- Could this KPI improve while the customer experience gets worse?
- Could this KPI improve while internal teams take on more work?

The last two questions in the **KPI audit** are especially important.

If you answer yes, the metric may need to change. It may also need to be paired with another measure.

For example, faster ticket closure may look positive. But if your customers reopen cases or contact support again for the same issue, the metric is not showing true resolution.

Each **repeat contact effectively doubles the per-issue cost**. A contact that costs eight dollars to handle generates sixteen dollars of cost when it requires a second interaction.

In that case, closure speed should be paired with repeat contact rate, reopened ticket rate, or time to true resolution.

Step 3: Test Metric Relevance

Metric relevance asks whether the KPI still reflects what the business cares about now.

Many **BPO deals** begin with basic service goals. Leaders want the vendor to respond on time, manage queues, maintain coverage, and process work consistently. Metrics built around speed, availability, and throughput are useful at that stage.

But mature outsourcing relationships usually need more.

Your business may now care about reducing repeat contacts. You may want better documentation, stronger escalation handling, lower customer effort, or fewer internal follow-ups. If the scorecard still focuses mostly on activity metrics, it may no longer define success correctly.

To test relevance, ask:

- Does this KPI still reflect a current priority?
- Has the operating model changed since this metric was created?
- Has automation changed the type of work handled by people?
- Do stakeholders still trust this metric?
- Does this KPI explain the issues raised in governance meetings?
- Is this metric still useful for decisions?

If your teams regularly raise concerns that do not appear in the dashboard, the scorecard may be missing important signals.

A relevant KPI should help leaders understand the operation. It should not simply confirm that a target was met.

Step 4: Test Metric Ownership

A KPI only works if the accountable party can influence it.

In outsourced operations, many outcomes depend on several teams. A vendor may need input from product, engineering, billing, compliance, logistics, or account management. Automation systems may also affect routing and prioritization before an agent even touches the case.

If the vendor is held accountable for a metric it cannot control, the KPI creates confusion. It can also create tension in governance reviews. The number may appear to show vendor performance when it actually reflects a shared process.

Ask:

- Who directly influences this KPI?
- Does the vendor control the main drivers of performance?
- Which internal teams affect the result?
- Are delays caused by vendor execution or internal dependencies?
- Does the KPI reflect how work actually flows?
- Should this be a vendor-owned metric or a shared governance metric?

For example, resolution time may depend on how quickly your internal engineering team responds. If that dependency is not visible in reporting, the vendor may appear slow even when the delay sits elsewhere.

The goal is to make accountability accurate before **contract renewal**.

Step 5: Test Metric Consequence

Every KPI encourages behavior.

If average handle time is heavily weighted, agents may work faster. If ticket closure volume is rewarded, teams may focus on closing cases. If escalation rates are treated as negative, agents may avoid escalation even when escalation would help.

These behaviors are often normal responses to the scorecard.

Before contract renewal, leaders should ask what each KPI teaches teams to prioritize.

Use these questions for your KPI audit:

- What behavior does this metric reward?
- What behavior might it discourage?
- Could teams improve this KPI without improving the outcome?
- Does it encourage speed over quality?
- Does it discourage deeper investigation?
- Does it push teams to avoid complex work?
- Does it support long-term resolution?

This step explains why a vendor can meet the scorecard while the operation still feels strained.

The vendor may be doing exactly what the metrics encourage. If the scorecard rewards fast closure, teams will optimize for closure.

If it rewards low escalation, teams may reduce escalation activity even when issues need expert review. An **extremely low escalation rate** paired with declining satisfaction scores can indicate that agents are closing tickets prematurely rather than ensuring proper resolution.

For MSPs, a metric that rewards ticket closure speed can mask unresolved issues across dozens of environments. This drives up repeat contacts and erodes SLA performance before it shows up in any report.

You should examine these incentives before carrying them forward to **contract renewal**.

Step 6: Decide What to Keep, Revise, Replace, or Retire

After you review relevance and consequence, assign each KPI to one of four categories.

Decision	When to Use It
Keep	The KPI is still relevant, controllable, and behaviorally sound
Revise	The KPI is useful but needs a clearer definition, better owner, new target, or balancing metric
Replace	The KPI no longer measures the right outcome
Retire	The KPI adds little value or creates unnecessary noise

This keeps the KPI audit practical.

Response time may be kept because it still supports basic accessibility.
Ticket closure speed may be revised by pairing it with reopened ticket rate or repeat contact rate.

Average handle time may be replaced if automation has shifted simple work away from human agents, leaving them with more complex cases.

A legacy productivity metric may be retired if it no longer reflects meaningful performance.

The goal is to balance traditional service metrics with measures that show whether the service is actually working. A strong scorecard should show activity and outcome.

Step 7: Build the Renewal Scorecard

The KPI audit should lead to a clearer contract renewal scorecard.

When reviewing vendor performance, answer three questions:

1. Is the vendor meeting basic service expectations?
2. Is the service producing the right business outcomes?
3. Are the metrics encouraging the right behavior?

The stakes are measurable. SQM Group's research shows that [every 1% improvement in first-contact resolution reduces operating costs by 1%].

A balanced renewal scorecard may include:

Category	Example Metrics
Service reliability	Response time, uptime, queue management
Resolution quality	First-contact resolution, reopened ticket rate, repeat contact rate
Customer effort	Customer effort score, number of contacts per issue
Internal workload	Internal escalation follow-up, client-side intervention rate
Process improvement	Root-cause fixes, knowledge-base updates, recurring issue reduction
Shared dependencies	Internal approval delays, engineering response time, cross-team handoff time

Not every organization needs all of these. The right scorecard depends on how your operation works.
The important point is balance. If the scorecard measures speed, quality, effort, and ownership, governance becomes more realistic.

Step 8: Use the Audit in Renewal Discussions

A KPI integrity audit should directly shape renewal negotiations.

Leaders should enter the discussion with clear recommendations. They should know which KPIs should stay, which definitions need revision, which targets should change, which metrics should become shared indicators, and which outdated measures should be removed.

Knowing these information changes the conversation about contract renewal. Instead of carrying forward the old scorecard with minor edits, you can align measurement with the current state of the operation.

It also creates a better vendor discussion. It helps build a better system for the next contract cycle.

The Renewal Opportunity

Contract renewal is not only the time to revisit pricing and scope. It is the time to decide how the relationship should be governed going forward. A KPI integrity audit gives you a structured way to do that.

It helps identify which metrics still matter and which ones no longer reflect how work gets done. It also prevents outdated assumptions from being carried into a new agreement.

Before renewing an outsourcing contract, ask whether the scorecard still measures what matters.

The bottom line

Metrics drift, incentives misalign, and governance conversations keep circling the same friction without resolving it. A KPI audit before contract renewal gives you the structure to catch that before it locks into the next cycle.

For managed service providers, the same risk applies at scale. When support volume grows across multiple clients, outdated performance metrics can quietly erode service quality, and make it harder to hold the right teams accountable. The scorecard that worked at smaller scale no longer reflect what your clients actually experience.

Review what you measure and fix what no longer serves you. Then negotiate from a clearer position.

If your dashboards look healthy but the operation still feels strained, Unity Communications can help you identify where measurement has drifted and what to do about it. Let’s connect to start the conversation!