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**A Special Report on**

***Key Performance Indicators***

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# Table of Key Performance Indicators

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## Introduction

KPIs are measures of business performance. They are used to check performance against targets, or as benchmarks to signal areas of performance in need of improvement. They are, therefore, measures of a firm's Critical Success Factors.

In any enterprise there may be dozens of CSFs and literally hundreds of KPIs to track their performance. Which ones are significant for any particular firm at any particular time depends on what the business is planning to achieve and what its current situation is, so a SWOT (Strengths, Weaknesses, Opportunities, Threats) paradigm provides a way of classifying CSFs as in the Table below.

**MONITORING OPERATING STRENGTH:** those factors that are the basis of continuing successful performance.

EXAMPLE KPIs

- percentage of seats filled for a theatre
- number of consulting hours sold for a services firm
- return on investment

**CORRECTING FOR WEAKNESSES:** factors that need to improve to maintain the viability of the business

EXAMPLE KPIs

- market share
- £ sales per salesperson
- inventory turnover rate

**SEEKING OPPORTUNITIES:** those operations in which an improvement could lead to bigger market share or improved sales

EXAMPLE KPIs

- productivity rate
- time to market
- investment in R&D

**ADDRESSING THREATS:** those that are providing an immediate or longer term threat to viability

EXAMPLE KPIs

- cash flow
- rate of new customer acquisition
- increasing liability claims

As is apparent the set of KPIs that might be relevant to any one CSF can be drawn from a number of processes – eliminating a weakness factor might involve improving sales per salesperson, decreasing invoicing errors, improving safety record, and so on.

How you decide on which KPIs to track and act on depends on:

1. **Industry Knowledge:** What are the numbers that must be on track in a particular industry and where does the firm under review rate with regard to industry averages? What is happening in the industry that will have an effect on the firm's viability?
2. **Business Plan Objectives:** A business plan based on a strategic planning exercise will provide the key objectives for the next planning period and so determine which CSFs to focus on.
3. **Targeting Selected Drivers:** since it is unusual that all the drivers of any one CSF can be acted on at once it is necessary to decide which to concentrate on to achieve the stated objective.

For example, increasing the customer satisfaction score could involve a range of drivers such as greater customer contact, reduced delivery errors, better installation procedures, and product design improvement. These become your KPIs for measuring how the process is going.

We have created a very comprehensive set of KPIs organized on a business process model - products and services, sales and marketing, finance etc.

Preceding this, in Table 1, we have listed the most common KPIs used in firms generally. Each KPI is followed by the type of measure that can be applied, a length of time, a pound cost etc.

## **Table 1: Most Frequently Used KPI's**

### **BUSINESS AREA CRITICAL SUCCESS FACTOR KPIS**

#### Employee productivity

- Output per employee (#, £)

#### Inventory control

- Inventory turnover ratio (%)

#### Production efficiency

- Manufacturing lead time (time)

### **PRODUCTS AND SERVICES**

#### Service quality management

- Cost for administrative error / management revenues (£)
- On time delivery (%)

#### Customer activity

- Number of customers (#)

#### Customer satisfaction

- Satisfied customer index (#)

#### Customer service

- Time spent on customer relations (time)

#### Market penetration

- Market share (%)

#### Sales operations

- Direct contact with customers per period (#, time)
- Sales closed / sales contracts (%)

### **MARKETING AND SALES**

#### Sales volume

- Annual sales per customer (£)

### **PEOPLE AND CULTURE**

#### Employee satisfaction

- Absentee rate (time)
- Leadership index (#)
- Satisfied employee index (#)
- Turnover of full time employees (#)

#### Training and development

- Training time per employee (time)
- Training investment per annum (total £)
- Training investment per customer (£)

#### Information technology

- Investment in IT (£)

#### Occupational health and safety

- Days lost to injury (time)

### **SYSTEMS AND PROCESSES**

#### Sales and credit system

- Average collection function expense per customer (£)

#### Administrative services costs

- Administrative costs (£)

#### Cash management

- Cash flow

#### Income

- Gross margin (£)
- Profits per employee (%)
- Profits to total assets (%)

#### Revenue

- Revenues per employee (£)
- Revenues to total assets (%)
- Revenues resulting from new business operations

### **FINANCE**

#### Yields

- Return on investment (£)

## Table 2: Detailed List Of KPIs

### 1. Products And Services

#### Cycle Time

- Order to delivery time (time, % of standard)

#### Employee Productivity

- Absentee rate (time / period)
- Average hours worked per week (time)
- Output per employee (£, #)
- Production per employee (for example, chargeable hours per team member in a professional service firm, contacts per salesperson)
- Productivity statistics per employee by department
- Sales per employee (£)
- Sick days taken per employee (#/period)
- Value added per employee (production costs net of those paid to outside suppliers)

#### Inventory Control

- Average number of days finished goods on hand (time)
- Days in inventory (time)
- Inventory turnover ratio (%)
- Ratio of slow moving inventory to total inventory (%)

#### Product Mix

- New products to total products (%)
- New products (less than 2 years old) to full company catalogue (%)
- New products (less than 2 years old) to product family (%)
- Variety of products (#)

#### Product Quality Management

- Completeness of manufacturing transfer package from R&D
- Cost of rejected materials (£)
- Customer complaints (or claims) per day or product (#)
- Customer complaints due to damaged shipments (%)
- Customer complaints caused by substandard materials or parts (%)
- Damage claims per shipment (£)
- Damage to in-storage products by employees (#, £)
- First pass yield (#)
- Inventory shrinkage as a percent of production or cost of sales personnel
- Mean time between failures (time)
- Defect rate (#, %)
- Discrepancies with product handling and storage policies and procedures (#)
- Improvement recommendations by vendor implemented during the period (#)
- Parts or vendors on ship to stock (#)
- Returns by customers (#)
- Returns by customer due to damaged shipments (#, %)
- Service calls or amount of follow up service required by customers (#)
- Parts per volume accepted (%)
- Problem free installs on first attempt (%)
- Products meeting specifications (%)
- No damage shipments (%)
- Good components in final assembly (%)
- Production or service errors reported (#)
- Quality improvement (%)

- Reissues (#, %)
- Reject rates (%)
- Rework as a percentage of total production (%)
- Rework cost as percentage of production cost (%)
- Rework cost or rate (e.g., number/percentage of off spec products)
- Rework time (time)
- Total downtime or process stoppages due to process problems (such as machine breakdowns or unavailable personnel)
- Total units of rework (#)
- Warranty claims per week (#/time)
- Warranty costs (£)
- Warranty expense (£)
- Waste or scrap as a percent of total materials used (%)

### **Production Efficiency**

- Average days (hours) late divided by total production days (hours)
- Average overtime hours per employee
- Average production costs per unit
- Average time incurred per product
- Batch size
- Common parts
- Completeness of manufacturing transfer package from R&D
- Current backlog of orders
- Cycle time
- Frequency of out of stock occurrences
- Frequency of production delays due to equipment failure
- Frequency of production delays due to substandard materials or parts
- Frequency of production shut downs or delays due to inventory shortages
- Function points/employee month (#)
- Idle or non-productive time as a percent of total time (%)
- Incoming inspection
- Inspection time
- Labour utilization rates
- Machine breakdowns per week (or day)
- Machine downtime per week (or day)
- Manufacturing lead time
- Margin Opportunity Analysis Index (e.g., optimum production scheduling)
- Measures of timeliness
- Numbers of products using common processes (flexibility of production process design)
- Order processing time
- Percentage of machine 'uptime' per week
- Planned versus actual throughputs
- Production processing time
- Quoted lead times
- Ratio of approved to submitted orders
- Response time to customer request
- Setup time
- Stock in excess of next 60 days needs
- Stock keeping unit (SKU) numbers per inventory person
- Surpluses
- Testing efficiency (e.g., average of all routine tests measured in hours)
- Time to market for existing products
- Utilization of installation team

### **Production Output**

- Actual machine output as a percentage of output specifications
- Orders shipped

- Production level variation by month due to seasonality
- Production rate (# per period, per person, per labour hour, per machine hour)
- Total productivity factor (outputs/inputs)
- Total quantities produced or total hours billed

#### **Production Wastage**

- In process scrap
- Scrapped inventory amounts (#)
- Scrap quantity or cost (£)
- Waste or scrap as a percent of total materials used (%)
- Cost of rejected materials (£)

#### **Service Quality Management**

- Average days late per late shipment (time)
- Contracts filed without error (#)
- Corporate performance/quality goal (%)
- Corporate quality goal (#)
- Cost for administrative error / management revenues (£)
- Cost of quality as percentage of sales (%)
- Cycle count accuracy
- Delivery on-schedule (%)
- Delivery of rush orders on schedule (%)
- Invoice accuracy
- Mean time to resolve a problem
- Number of partial shipments
- Number of product errors
- Number of shipping errors
- Number of stock-outs
- On time delivery (e.g., percent of shipments received by the requested dates)
- Percent of installations on time at the right location
- Percentage of customer orders not on time, on spec
- Planning accuracy
- Rate of customers returns or billing disputes due to products shipped but not ordered
- Ratio of orders shipped accurately according to customer orders to total orders shipped
- Response time (e.g., 24 hour repairs)
- Service expense/customer/contact
- Service expense/customer/year
- Support expense/customer (£)

#### **Research And Development – New Products**

- Business development expense/administrative expense
- Competition (# products introduced by competitors)
- Development costs (average. product development costs per product)
- Development speed (time to market) for new products
- Increase in major projects count of number of projects over a specified dollar value
- New products introduced (#, # per person, # per period)
- Patents (average. age, #pending, # received, per £ investment in R&D)
- Percent of products that met customer/production needs without requiring modification
- Percent of sales or profit from products in various stages of the product life cycle
- Percent of revenue from target market segment
- Percent of revenues generated from products developed in the last XX months
- Rapid design changes
- Rate of new products abandoned after introduction to market (number abandoned/number initiated)
- Rate of new products abandoned before introduction to market (number abandoned/number initiated)

- Ratio of new / total products
- Sales or profit of new products/services as a percent of total sales or profit
- Variety of products
- Volume and mix attainment to orders (responsiveness of production process)

#### **Research And Development – Investment**

- Average 'update' (R&D) expenses incurred per existing product
- Average annual number of substantive changes made per existing product
- Average payback period for new products
- Average product development costs per product
- Industry development investment
- Installation base of a particular new product or service
- Investment in new product support and training (£)
- Investment in new technology as a percent of sales
- New market development investment (£)
- Number of patents received (#)
- Patents per R&D investment £ (#)
- Percent of R&D projects that result in new products or services
- R&D allocation by project (£)
- R&D expense/administrative expense (%)
- R&D invested in basic research (£)
- R&D invested in processes (%)
- R&D invested in product design
- R&D resources/total resources (%)
- Sales or profit of new products/services as a percent of related R&D (%)
- Total research and development (R&D) expenses (£)

#### **Supply Chain Management**

- Cost of products or services supplied (£)
- Frequency of late receipts (%)
- Fulfillment accuracy (Frequency of returned purchases, ratio of rejects to total items purchased, rejects per shipment received, frequency of wrong items received)
  - Open purchase orders (#, £, average age)
  - Complaints handled correctly on the first call (%)
  - Product quality (% of items received having quality related defects)
  - Quality of features of the supplier's product or service that are critical to the organization's processes or needs)
- Lead time (Required lead times)
- Satisfaction with suppliers (can be measured through an internal survey similar to that used for customers)
- Suppliers' dependability index (#)
- Total cost of products (including freight, set up, unfavourable payment terms, cost of excessive lead times or purchase quantities) compared to competitors of the supplier

## 2. Marketing And Sales

### Customer Acquisition

- Average sales per new customer (#)
- New customers (#)
- New accounts opened (#)
- Prospects (#)
- Prospects converted to sales (#)
- Referrals (#)
- Revenues from new customers/total revenues (%)

### Customer Activity

- Average sales per repeat customer (£)
- Customers (#)
- New business done with repeat customers (%)
- Growth in the average sales per repeat customer (%)
- Share of purchases made by customers (that is, the portion of the customers' purchases that go to the organization versus their purchases from competitors, sometimes called "share of wallet")

### Customer Retention

- Average customer duration with company (time)
- Average duration of customer relationship (time)
- Customer retention rates (%)
- Customer turnover rates (%)
- Customers lost (# or %)
- Dormant customers (for example, those who have not purchased anything in six months)(#)
- Lost business revenues compared to market average (£)
- Net customer gains (#)
- Repeat customers (%)
- New business done with repeat customers (%)
- Revenue from existing customers (%)
- Ratio of customers with no sales activity in last six months to total customers (%)

### Customer Satisfaction

- Satisfied Customer Index: Derived from customer satisfaction surveys that may include questions addressing any or all of the following matters. Measured on a rating scale devised for the questionnaire.
  - Brand value
  - Customer intent to repurchase
  - Customer perception of aesthetics
  - Customer perception of availability
  - Customer perception of ease to work with
  - Customer perception of financing
  - Customer perception of hidden or indirect costs
  - Customer perception of quality of outputs
  - Customer perception of reliability
  - Customer perception of service (includes attributes such as timeliness, responsiveness, understanding of needs of customer/customer's business, quality of relationship, knowledge of the team, customer focus, and proactivity)
  - Customer perception of warranties
  - Partnering Index Rating established by reviewing activities related to the amount of customer or business partner involvement in such things as product planning, involvement in projects, investment in product and services (e.g., information technology).
  - Referral customers

- Separate analysis of the survey scores of the most important, valuable, or profitable customers
- Profitability of each customer (sales and cost of sales for each customer)
- Percent of unprofitable customers
- Customers' satisfaction with products/services as compared to satisfaction with those of competitors
- Share of purchases made by customers (that is, the portion of the customers' purchases that go to the organization versus their purchases from competitors, sometimes called 'share of wallet')
- Customer complaints / orders (%)
- Complaints / customers (%)
- Order value of complaint items / turnover (%)
- Orders not delivered on time (%)

#### **Customer Service**

- Time spent on customer relations (average. time)
- Customers per week with unsolved problems (average. #)
- Average response time per customer request
- Average response time to solve customer problem
- Customer complaints resolved (#, %)
- Customer perception of ease to work with per survey
- Customer complaints resolved on the first contact (#, %)
- Customer problems solved within stated time frame (#, %)
- Potential orders that had to be declined (#)
- Delivery deadlines met (compared to either the date requested or promised) (%)
- Rate of responses exceeding specified time frame (for example, 24 hours)
- Sales versus first request date
- Service attributes such as timeliness, responsiveness, understanding of needs of customer/customer's business, quality of relationship, knowledgeable staff, customer focus, and proactivity per survey
- Service quality rating per survey
- Time devoted to customer service (time)

#### **Market Penetration**

- Brand recognition (percentage of potential customers who recognize company brand based on surveys)
- Brand recognition (that is, the percent of potential customers who know of the organization's product or service or who think highly of it), which is generally done through surveys
- Market potential (£)
- Market share (that is, the company's share of total sales in the geographic areas in which it competes) done on a product or product line basis (£)
- Number of channels in which the product is available (#)
- Number of customers (#)
- Number of new customers (#)
- Percent of proposals made that were accepted (#)
- Sales to new customers as a percent of total sales (%)

#### **Marketing Campaigns**

- Advertising or marketing budget (£)
- Advertising exposure (# people per channel)
- Amount of time spent with customers or potential customers (time)
- Advertisements placed (#)
- Industry trade shows attended (#)
- Presentations made (#)

- Number of times the organization or its products are mentioned in periodicals or broadcast media
- Number of proposals made (#)
- Public awareness of, or favourably disposed toward, the product/service (based on surveys) (%)
- Response rate (responses as a percentage of those exposed) (%)
- Responses to marketing efforts (calls to the company's 800 number for information, postage paid cards returned, website hits, average user time spent at website) (#)

#### **Pricing**

- Direct price (£)
- Price relative to competition (%)
- Total cost to customer (relative to competition)

#### **Product Delivery**

- Damage - in shipment (#, £, # of returns)
- Rate of customer complaints due to damaged shipments (%)

#### **Sales Management**

- Additional sales made to existing customers through referrals or cross selling
- Customers/employee (#)
- Gross margin per sales call
- Marketing cost as a percent of sales
- Marketing cost per new customer obtained
- Orders per sales call

#### **Sales Mix**

- Growth rates by product (%)
- Sales from each distribution channel (%)
- Sales from each product/service or product/service line (%)
- Sales from new products (%)
- Sales from products whose patents will expire within a year (%)
- Sales of one product from customers who also bought a companion product (%)
- Unprofitable products/services (%)
- Revenue generated from customer segments (e.g., new; affluent; large versus small; industry; region)(£)
- Sales to major customers (£)

#### **Sales Operations**

- Average sales per salesperson (£)
- Average time from customer contact to sales response
- Customer time/employee attendance
- Customer visits to the company (#)
- Days visiting customers (#)
- Direct communications to customer per period (#, time)
- Direct contact with customers per period (#, time)
- Field sales management
- Field salespeople (#)
- Frequency of market research of products
- Inbound calls taken
- Number of sales (or response rate) necessary to cover costs of marketing campaigns
- Outbound calls made (#)
- Sales conversion (%)
- Response rates from direct mail pieces and other advertising

**Sales Volume**

- Annual sale per customer ( £)
- Average sale amount (per transaction) ( £)
- Average sales per customer (#, £)
- Average sales price per unit ( £)
- Customer revenue list
- Frequency of sales (# of sales transactions / time)
- Growth rate, for each significant product or product line
- Order backlog
- Profitability of each product/service or product/service line ( £)
- Sales orders taken ( £)
- Sales per square foot ( £)
- Sales per relevant unit, broken down by geographic area or product line

### 3. People

#### Skill Level

- Average employee years of service with company (#)
- Average years with company of full time temporary employees (#)
- Company managers with advanced degrees: business (%), science and engineering (%), liberal arts (%)
- Level of information sharing, for example, number of items contributed to a company wide databank, amount of consultation on others' projects provided by internal experts
- Employees who are trained in multiple functions within the organization (#)
- Employees cross trained in other tasks or departments (#)
- Management personnel trained on company personnel policies and labour laws (#)
- Patents issued
- Percent of employees trained in critical technologies or functions
- Percentage of employees with a relevant qualification
- Skills mix, based on performance appraisals, and including:
  - Knowledge (product, client/customer, industry, systems, organizational);
  - Skills (financial, analytical, technical, relationship/interpersonal, problem solving, negotiating, selling, managing); and key experiences

#### Training And Development

- Cross department (or cross functional) assignments
- Training time per annum (total time, time/employee)
- Training investment per annum (total £, £/employee)
- Training expense/administrative expense (%)
- Rate of employee participation in industry, trade, or professional associations
- Share of development hours (%)
- Share of training hours (%)
- Training investment/customer (£)

## 4. Culture

### Employee Satisfaction

- Absentee rate of team members (%)
- Workdays missed (#)
- Turnover of full time permanent employees (%)
- Turnover of all employees (%)
- Average length of service for employees (time)
- Employee suggestions implemented (#, %)
- Employee participation in stock ownership plans or other employer related activities (#, %)
- Employee satisfaction ratings, which might include questions on some or all of the following

matters:

- Employee confidence in leadership
- Employee perception of climate for process improvement
- Employee perception of fair treatment
- Employee perception of open communications
- Employee perception of recognition/reward
- Employee perception of safety climate
- Employee perception of supervision
- Employee perception of teamwork
- Goal clarity
- Perceived alignment of systems (reward, communication, performance management, succession, development, etc.) with strategy
- Empowerment index (#)
- Frequency of performance evaluations
- Leadership index (#)
- Motivation index (#)
- Number of employee suggestions submitted during the period
- Percentage of offers to prospective employees that are accepted
- Satisfied employee index (#)

### Community

- Accidents or injuries resulting from the organization's products or services
- Community groups or projects sponsored
- Litigation or regulatory expenses as a percent of sales
- Money or employee hours donated to community events
- Percent of raw materials from renewable sources

## 5. Systems And Processes

### Accounting Services

- Amount of unreconciled items in bank reconciliations (#)
- Average penalties paid (£)
- Book to physical adjustment to total inventory ratio
- Delay (number of days) from period end to report date
- Amount of book to physical adjustments (£)
- Effective tax rates
- Frequency and amount of unreconciled items (bank reconciliations, accounts receivable, accounts payable, fixed asset ledgers, etc.)
- Frequency of cycle counts
- Frequency of other management reports (weekly sales reports, cash reports, etc.)
- Frequency of physical inventory counts
- Frequency of unreconciled items in bank reconciliations
- Management (user) satisfaction rate (annual survey) Number of adjusting journal entries per period Number of missed due dates Number of year end audit entries

### Information Technology (IT)

- Accuracy of information (e.g., information systems capabilities)
- Average capitalized IT expenditures per person
- Average downtime per IT asset
- Average IT update expenditures per person
- Change in IT inventory (£)
- Discontinued IT inventory/IT inventory
- Employee (user) satisfaction rate (annual survey)
- Estimated average time (days, hours, minutes, etc.) needed to backup
- Frequency of off site backups
- Frequency of testing business continuation procedures
- Investments in IT (£)
- IT capacity (CPU & DASD)
- IT capacity/employee
- IT investment/salesperson
- IT investment/service & support employee
- IT performance/employee
- Number of key systems that do not have a firm backup
- Number of users required to accept system modifications
- Number of users that interact with IT providers
- Orphan IT inventory/IT inventory
- PCs/employee (#)
- Percentage of IT expenditures to related total fixed asset costs
- Ratio of price paid for IT assets to price quoted (sample)
- Technology training and education expenses per employee
- Capacity of EDI system (#)
- Upgrades to EDI system
- Value of EDI system

### Occupational Health And Safety

- Average cost per accident (£)
- Average number of days required to investigate safety concern reports (time)
- Average time off per accident (time)
- Average worker's compensation claim as a percentage of industry average (£)
- Days lost to injury (time)
- Environmental and safety behaviours (e.g., safety training and awareness activities, safety monitoring, near misses) (range)

- Environmental and safety results (e.g., number of days with no safety violations or environmental incidents) (#)
- Frequency of employee safety training programs (time)
- Number of accidents caused by inappropriate handling or storage policies and procedures #)
- Number of accidents per week (#)
- Production lost to safety violations (#)
- Safety violations noted per week (#)
- Total worker's compensation claims as a percentage of industry average (£)

#### **Sales And Credit System**

- Average collection function expense per customer (£)
- Collection function expense per customer phone call (average £)
- Collection function expense per past due account over \$1,000 (average £)
- Past due accounts (#, £, on average per period)
- Credit limit per new account ( average £)
- Credit request approval / rejection decision time (average time)
- Dollar amount over 90 days past due
- Final demand letters sent to customers
- New account past due receivables as a percentage of total new account receivables
- Past due amounts from major customers
- Percentage of credit applications accepted/rejected
- Percentage of past due accounts to total receivables
- Percentage of past due accounts with collection agencies
- Rate of customer complaints due to incorrect invoices and statements

#### **Purchasing And Accounts Payable System**

- Amount of emergency purchases made (#)
- Average days late per shipment (time)
- Order value (average £ per order)
- Comparative on-time delivery rates by vendor
- Frequency and amount of unreconciled items
- Frequency of purchases from unapproved vendors
- Frequency of unmatched receiving reports, purchase orders, or invoices
- Instances of invoices presented when goods were accepted without a valid purchase order
- Invoices processed per person (#)
- Lost early payment discounts as percentage of purchases (%)
- Number of special orders processed (#)
- Part numbers purchased per person (#)
- Percentage of back-ordered items to total items ordered
- Percentage of late shipments to total shipments
- Percentage of vendors with both 100% on-time delivery and less than 0.5% rejects
- Purchase orders placed without competitive bid (#, %)
- Purchase orders processed per person (#)
- Ratio of manual checks to computerized checks (%)
- Ratio of number of second signatures requested to disbursements over specified amount (when second signatures are required for disbursements over a specified amount)

## 6. Finance

### Accounting Services - Cost

- Average accounting function costs per aggregated transactions processed (such as: inventory items, vendor invoices, customer invoices, payroll checks, vendor checks, and manual checks)
- Average accounting function costs per employee

### Accounts Payable

- Accounts payable turnover ratio
- Days in payables

### Accounts Receivable

- Accounts receivable turnover
- Allowance for doubtful accounts as a percentage of accounts receivable
- Average age of receivables
- Days sales in receivables (days sales outstanding)

### Administrative Services Costs

- Administrative costs
- Administrative expense/employee
- Administrative expense/gross premium
- Administrative expense/total revenues (%)

### Asset Management

- Amount of fixed asset losses from employee theft
- Asset turnover ratio
- Capital efficiency

### Capital Investments

- Average pay back period
- Comparison of planned to actual discount factor
- Comparison of planned to actual internal rate of return

### Cash Management

- Amount of discount offered customers for timely remittance
- Average balances in non-interest bearing accounts
- Average daily idle cash
- Average number of days bills are paid before due date
- Average time between receipt and deposit of funds
- Cash flow
- Collection period (accounts receivable divided by sales per day)
- Delinquent payment penalties as a percentage of purchases
- Interest expense as a percentage of net capital
- Length of cash cycle (time from payment for raw materials to ultimate collection of receivables from sales)
- Percentage of past due payables to total payables
- Purchase discounts taken
- Ratio of customer remittances by electronic means versus by check
- Ratio of interest earned to average cash balances
- Ratio of actual to planned cash flows

### Credit Management

- Average credit function expense per credit application
- Average credit function expense per customer
- Average credit function expense per new customer

- Collection function expense as a percentage of credit sales
- Credit function expense as a percentage of credit sales
- Credit function expense as a percentage of new customer credit lines

#### **Customer Service Cost**

- Service expense (£ per customer / period, £ per contact, £ per product)
- Ratio of customer service function expenses to total sales
- Distribution
- Average cost per distributor
- Average delivery cost per truckload shipment
- Delivery expense as a percentage of sales

#### **Distribution Cost**

- Average cost per distributor
- Average delivery cost per truckload shipment
- Delivery expense as a percentage of sales

#### **Financial Strength and Flexibility**

- Average unused credit lines per source
- Credit rating
- Debt (£)
- Debt to assets
- Debt to equity
- Leverage ratio (DuPont formula)
- Liabilities to equity
- Number of actual (potential) debt covenant and other violations
- Number of approved financial credit sources
- Ratio of used to total credit lines
- Times interest earned
- Total assets
- Total assets/employee

#### **Functional Expenses**

- Activity costs
- Direct department expense
- Fixed expenses such as depreciation, real estate, and personal property taxes
- Major cash expenditures
- Material costs as a percentage of sales
- Programmed expense controllable expenses including routine, one time, and additional project expenses
- Ratio of average cost overrun to average budgeted cost
- Routine expense (e.g., salaries, maintenance, supplies)
- Targeted expenses as a percentage of sales
- Variable versus fixed expenses (e.g., non-operating income/expense)

#### **HR Department Costs**

- Average HR function costs per employee
- Average HR function costs per pay cheque processed
- Ratio of HR function costs to total expenses
- Ratio of HR function costs to total sales

#### **Income**

- Gross margin (%)
- Net income
- Net income margin (%)
- Profits as a percentage of sales (%)
- Profits resulting from new business operations

- Profits per employee (%)
- Profits to total assets (%)
- Return on net sales
- Revenue/expense ratio

#### **Interest**

- Ratio of actual average borrowing rate to current market rate

#### **Information Technology Cost**

- IT development expense/IT expense (%)
- IT expense/administrative expense (%)
- IT expense/employee (£)
- IT expenses on training/IT expense (%)

#### **Liquidity**

- Available working capital
- Cash from operations as a percentage of sales
- Current ratio
- Inventory or receivables as a percentage of working capital
- Liquid assets
- Quick ratio

#### **Maintenance**

- Average preventive maintenance costs per asset
- Percentage of preventive maintenance costs to total maintenance costs

#### **Marketing Costs**

- Average marketing (and sales) expenses per customer
- Average marketing (and sales) expenses per salesman
- Marketing (and sales) expenses as a percentage of new customer sales
- Marketing (and sales) expenses as a percentage of sales

#### **Overhead**

- Allocated expenses overhead that is reallocated to business units
- Operating expenses as a percentage of net sales
- Overhead (burden) rate

#### **Other Costs**

- Bad debt expense as a percentage of net credit sales
- Net retained expense
- Non operating income/expense financial impact not directly related to current operations
- One time, truly "nonrecurring" expenditures
- Warranty costs as percentage of sales

#### **Production Costs**

- Cost of product
- Cost per transaction
- Cost versus competitors' cost
- Indirect cost as a percent of sales
- Inventory labour and overhead per SKU (stock keeping unit) number
- Inventory shrinkage as a percent of production or cost of sales
- Material price variances
- Non product related expense/customer/year
- Price paid (per length, weight etc.) for raw materials
- Production costs per employee
- Rate of cost reduction

- Ratio of inventory pounds to inventory labour and overhead pounds
- Ratio of price paid to price quoted
- Unit cost versus competition

#### **Revenue**

- Revenue per salary £
- Revenues resulting from new business operations
- Revenues per employee (£)
- Revenues to total assets (%)
- Sales per square foot (of retail space)
- Same store sales
- Sales per employee

#### **Risk Management**

- Average and total deductibles per asset class and location
- Average insurance premium per £1,000 of coverage (by type of insurance)
- Company portion of claims to total claims
- Percentage of covered estimated exposure to maximum estimated exposure
- Weighted average "Best" rating of insurers

#### **Shareholder Value**

- Compound growth rate (%)
- Dividends (£)
- Market value (£)
- Shareholder loyalty (e.g., switching behavior)
- Shareholder mix (institutional versus individual; employee; other)
- Stock price, appreciation (£)

#### **Value Added**

- Breakeven time
- EVA (Economic Value Added)
- MVA (Market Value Added)
- Value added/employee (£)
- Value added/IT employees

#### **Wages/Benefits**

- Compensation expense per employee
- £ amount of claims (health and W/C) per employee
- Ratio of average annual percentage salary increase to percentage increase in cost of living
- Ratio of benefit costs to total compensation
- Ratio of compensation expense to sales
- Ratio of employees' to employer's share of health care costs
- Top five types (£) of health insurance claims

#### **Yields**

- Return on assets
- Return on equity
- Return on equity (DuPont formula with leverage factor)
- Return on net asset value (%)
- Return on net assets resulting from new business operations
- ROCE (Return on Capital Employed)
- ROI (Return on Investment)