



Capital Solutions

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Establish your Company's KPIs

A **Key Performance Indicator (KPI)** is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs to evaluate their success at reaching targets.

A collection of the KPI's make up your company's **Management Dashboard**, a report compiling KPI's that readily take the temperature on different aspects of the business.

KPIs are a highly effective way of measuring business success. The important thing to realize about KPI's and their measurement is that your KPI system is only as good your choice of metrics, or rather what you chose to monitor as indicators of success.

KPIs can be used to measure all sorts of processes within the business, from finance to sales to production and projects. Creating a KPI dashboard to keep track of performance can be one of the most effective tools a manager or CEO has.

Every area of business has specific metrics that should be monitored – marketers' track campaign and program statistics, sales teams monitor new opportunities and leads, and executives look at big picture financial metrics.

To be useful, KPIs need to be monitored and reported on, and if they change in real-time, they should be monitored in real-time. Effective Dashboards are critical in this regard.

But KPI dashboards are often cluttered. Cluttered displays deflect the focus from the important messages. Some are cluttered with useful and relevant information, and some are cluttered with useless and irrelevant information.

Neither of these situations is desirable.

The important thing is to hone in on those metrics that have the greatest bearing on the success of the business.

There are a number of different software applications that will help you build and then keep track of your key performance indicators. KPI dashboard software packages include Domo, SimpleKPI, Geckboard and Cyfe. You can also create your own KPI dashboard using Excel.

A well-chosen suite of KPI's will cover several aspects of the financial condition of the business, monitor sales and marketing activities, and measure quality of work and client satisfaction.

For Financial KPI's , we suggest the following:

Current Ratio-Current Assets/Current Liabilities
Working Capital-Current Assets – Current Liabilities
Quick Ratio- Cash + Accounts Receivable/Current Liabilities
Accounts Receivable Turnover
Accounts Payable Turnover
Gross Profit Margin
Net Profit Margin
Revenue Per Employee

For Marketing and Sales KPIs, consider these:

Opportunities per Month
Average Customer Invoice
Closed Pipeline Per Month
Current Pipeline
Quote to Close Ratio
Sales by Contact Method

For Operations KPI's, consider these:

Time to serve customer inquiries
Customer Complaints Per Month
Quality Control Measures

Thanks for reading.



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