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KPIs

BY NICOLAS BOUCHER

Return on Equity



Measures how much profit a company generates with the money shareholders have invested

Net Income / Total Equity



Working Capital Ratio



Measures a company's ability to meet its short-term financial obligations

Current Assets / Current Liabilities



Debt-to- Equity Ratio



Measures the proportion of a company's financing that comes from debt versus equity

Total Debt / Total Equity



Accounts Receivable Turnover



Measures how quickly a company collects outstanding debts from customers

**Net Credit Sales / Average
Accounts Receivable**



Accounts Payable Turnover



Measures how quickly a company pays its suppliers

**Total Supplier Purchases /
Average Accounts Payable**



Gross Profit Margin



Measures the percentage of revenue that is left over after deducting the cost of goods sold

$$\frac{\text{Revenue} - \text{Cost of Goods Sold}}{\text{Revenue}}$$



Net Profit Margin



Measures the percentage of revenue that is left over after deducting all expenses, including taxes

Net Income / Revenue



Invoice processing time



Measures how efficiently
accounting is at processing
invoices

**Total invoices processed / total
time spent on invoice processing**



Fixed Asset Turnover



Measures how effectively a company uses its fixed assets to generate sales

Revenue / Net Fixed Assets



Inventory Turnover



Measures the number of times inventory is sold and replaced during a period

Cost of Goods Sold / Average Inventory



CASH

KPIs

Cash Burn Rate



Net Cash spent by a company in a specific time frame (usually monthly or normalized to a year)

**Cash Spent (monthly average) -
Cash Received (monthly average)**



Average Days Delinquent



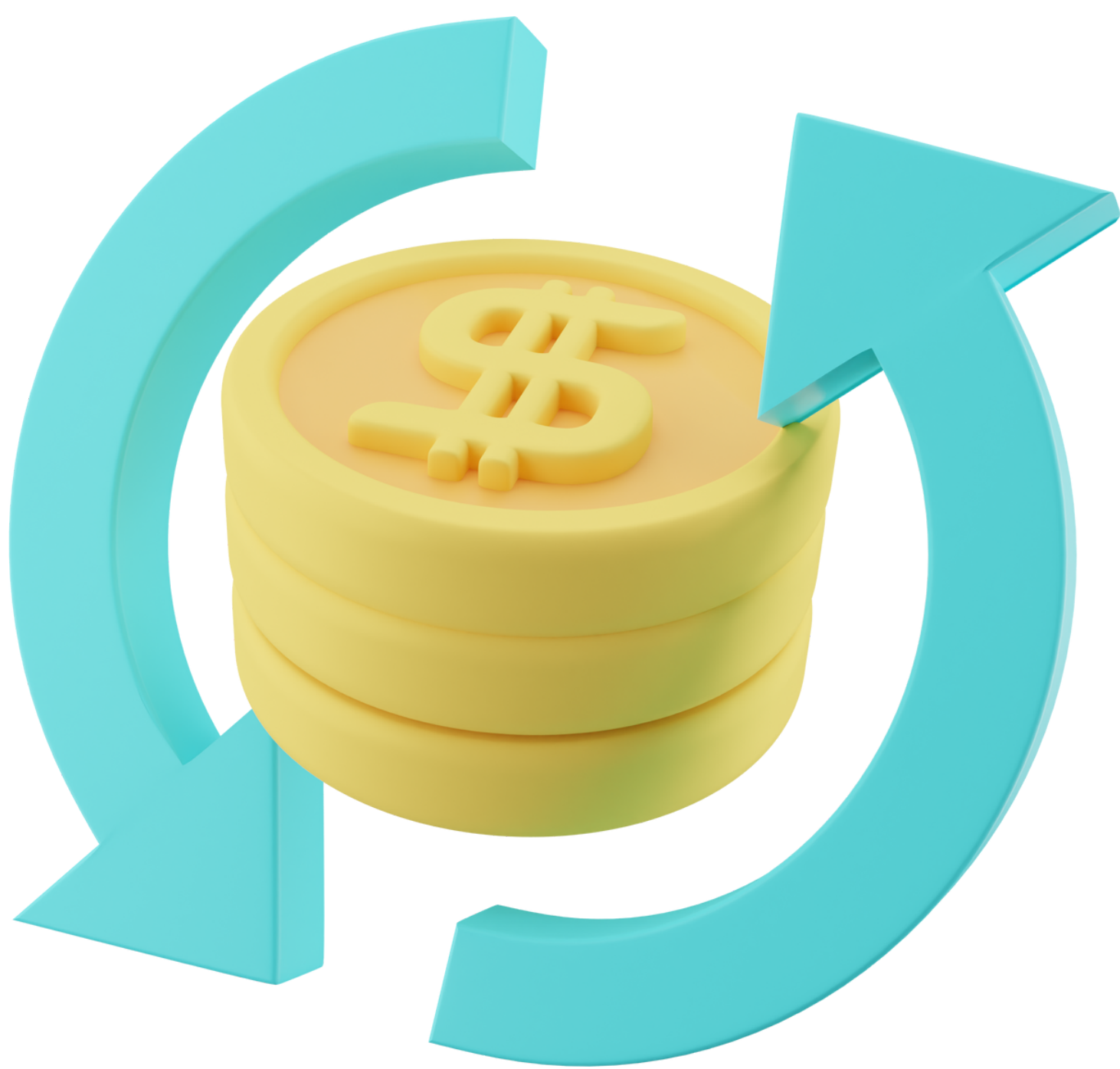
Measure the average number of days that payments are overdue or delinquent beyond the agreed payment terms

**Days Sales Outstanding (DSO) -
Best Possible Days Sales
Outstanding (BPDSO)**



CASH KPIS

Operating Cash Flow



Money generated by daily operations

Net Income + Non-Cash Expenses - Increase in Working Capital



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Free Cash Flow



Expands on the OCF concept by also excluding interest payments and including asset purchases

**OCF + Interest Payments -
Asset Purchase**



Overdues Ratio



Measures your effectiveness of collecting cash and the quality of your receivables

Overdues / Total Receivables



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Days of Inventory Outstanding



Average number of days that a company holds inventory for before turning it into sales

**Average Inventory / Yearly Cost
Of Goods Sold (COGS) x 365
days**



Days Sales Outstanding



Average number of days that it takes a company to collect payment for a sale

Average Account Receivables / Annual Sales x 365 days



Days Payables Outstanding



Average number of days that it takes a company to pay its suppliers

**Average Account Payables /
Yearly Cost Of Goods Sold
(COGS) x 365 days**



CASH KPIS

Cash Conversion Cycle



Days to convert inventory into
cash flows from sales

DIO+DSO-DPO



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CASH KPIS

Cash Reserves in Days



Measures of how long your organisation could survive if cash dried up tomorrow

Cash Reserves / Average Daily Expenses



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SaaS

KPIs

Customer Churn Rate

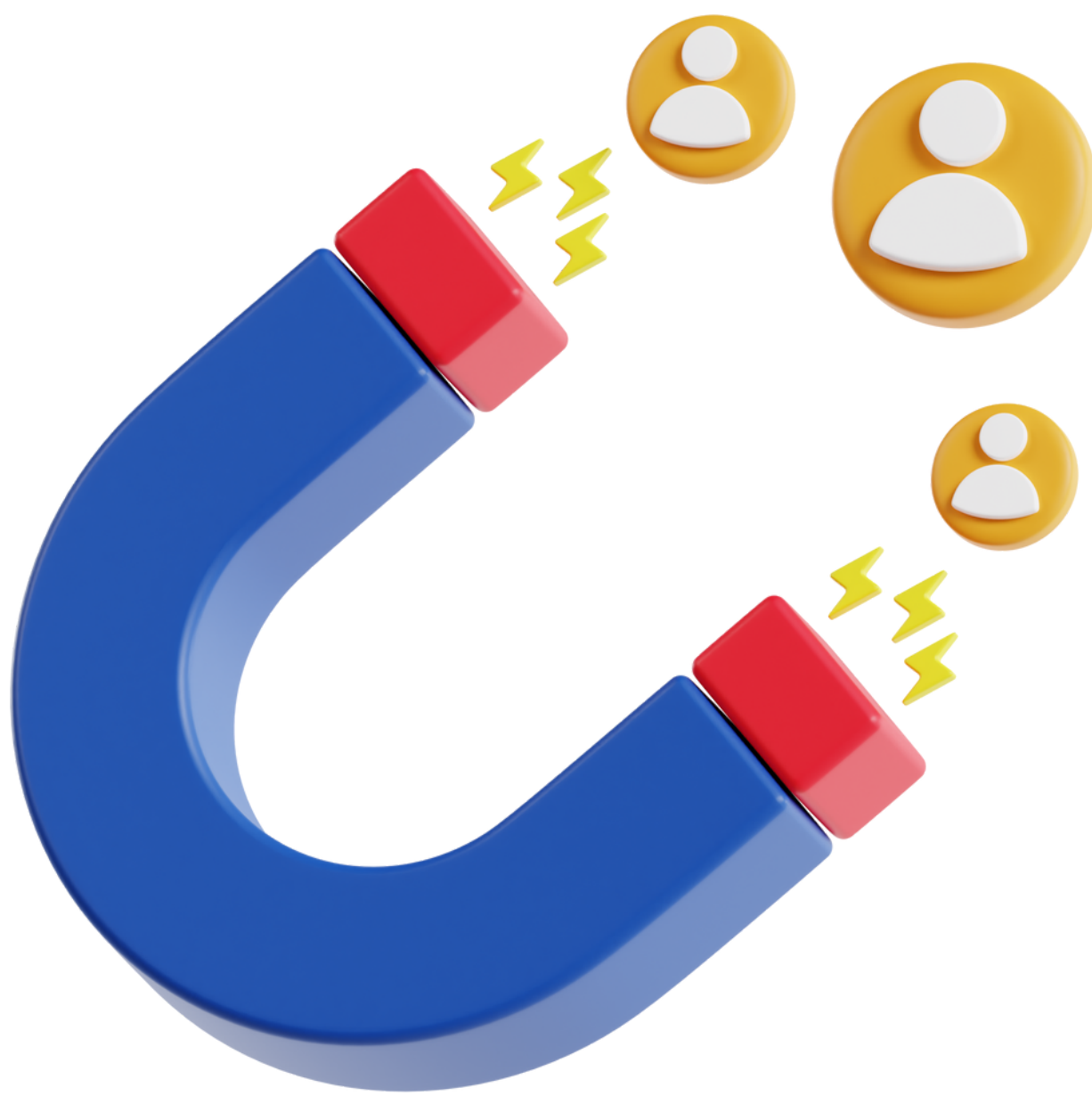


Percentage of customers lost in
a given time frame

**Customers lost / Total
Customers**



New Buyer Growth Rate



Speed at which you gain new customers over defined periods of time

(New buyers this month - New buyers last month) / New buyers last month



Lifetime Value



Revenue from a customer over
the retention time period

**Customer Value * Average
Customer Lifespan**



Customer Acquisition Costs

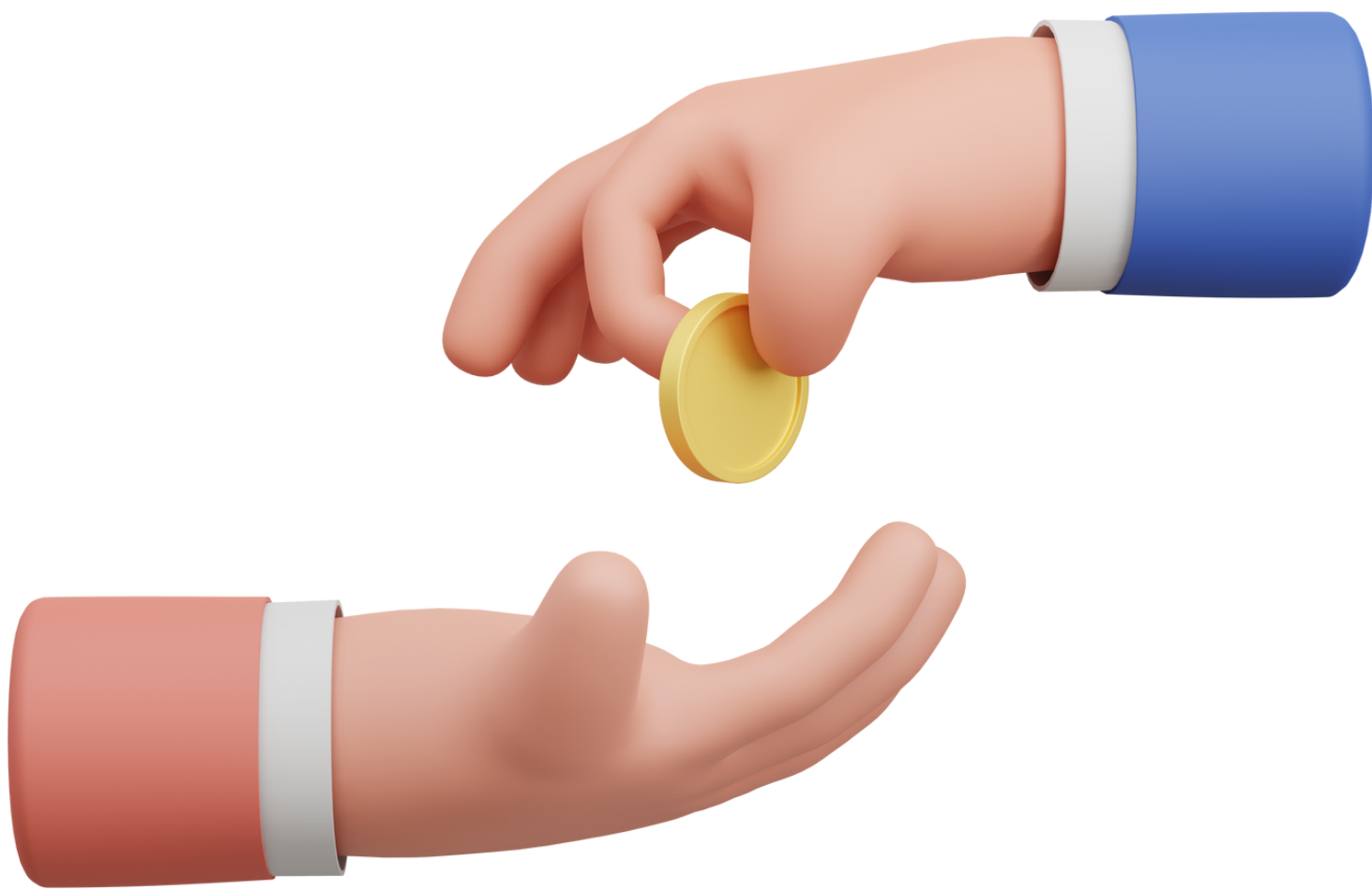


Amount of money a company spends to get a new customer

**Cost of Sales and Marketing /
Number of New Customers
Acquired**



Average Revenue Per User



Average revenue generated per customer (either monthly or annually) also called ARR

Total revenue / Total number of customers



Runway



Time that a startup has before they run out of finances

Current Cash Balance / Burn Rate



ARR Per FTE

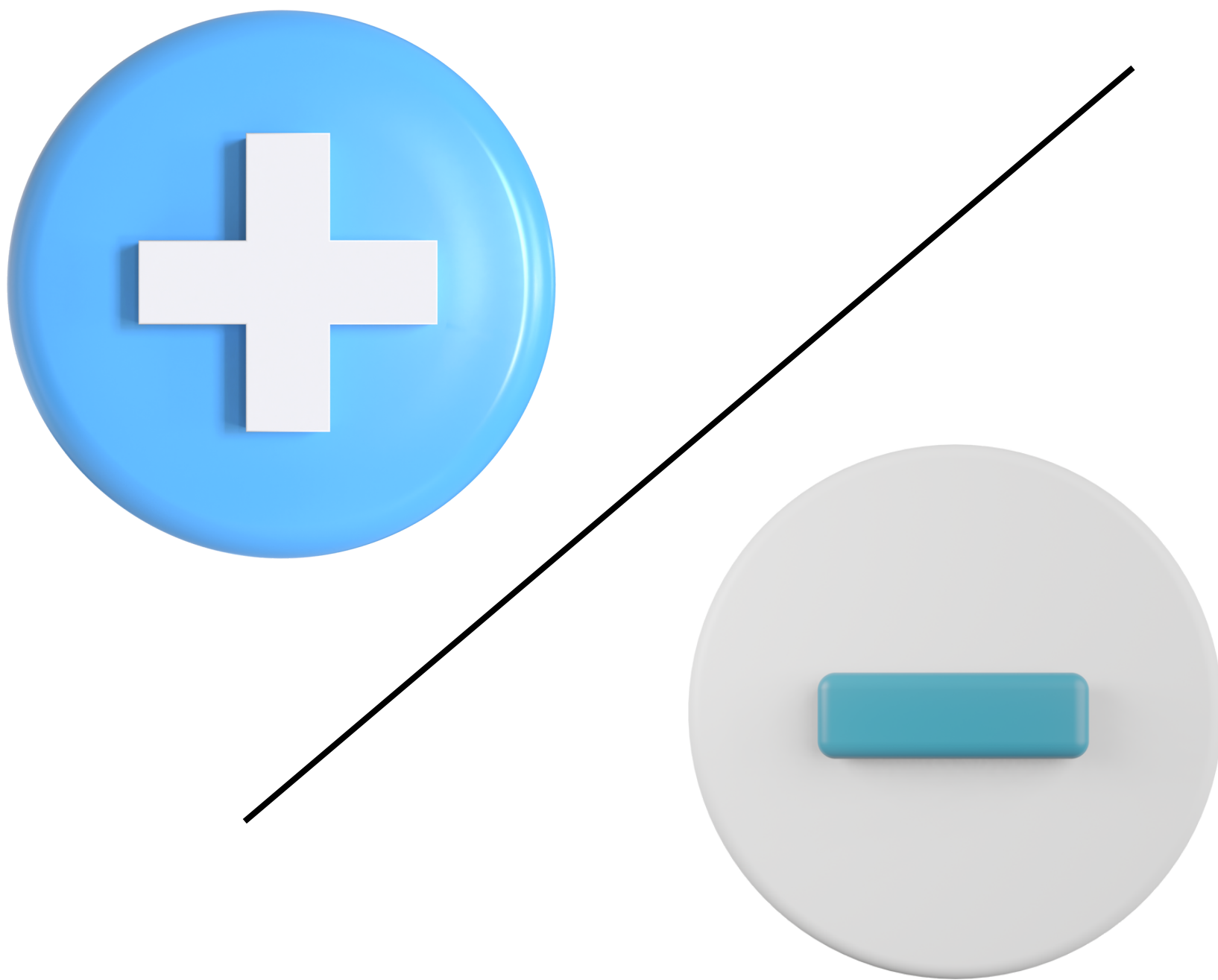


Measures how efficient the company is at generating revenue per employee (FTE: Full Time Equivalent)

ARR / FTE



SaaS Quick Ratio



Compares revenue added (new business) vs revenue lost (churn)

$$\frac{\text{(New MRRt + Expansion MRRt)}}{\text{(Churned MRRt + Contraction MRRt)}}$$



Monthly Recurring Revenue



Monthly revenue from
customers with a subscription

Number of customers *
Average billed amount



Total Addressable Market



Market size of a product/service
in value that the company can
achieve

**Annual Contract Value per
client * Number of potential
clients**



INNVEN

TORY

KPLIS

Average Inventory



Amount of inventory a company has on-hand during a period

$(\text{Beginning inventory} + \text{Ending inventory}) / 2$



Days on Hand



Days on hand (DOH) is the average days before inventory is sold.

(Average inventory for period / Cost of sales for period) x 365



Stock to Sales Ratio



Stock to sales ratio is the measure of the inventory amount in storage versus the number of sales.

Inventory value / Sales value



Cost of Carry



Percentage of total inventory value a company pays to maintain inventory in storage.

(Inventory Service Costs + Inventory Risk Costs + Capital Cost + Storage Cost) / Total Inventory Value



Backorder Rate



Tracks the number of delayed orders due to stockouts.

(Number of Undeliverable Orders / Total Number of Orders)



Sell-through Rate



Comparison of the inventory amount sold and the amount of inventory received from a manufacturer.

Number of units sold / Number of units received



Scrap rate



Measures the quality of the inventory and is used to decrease the non quality costs.

**Scrap expenses over the period
/ Average inventory over the
period**



Time to receive



Measures the efficiency of stock receiving process.

**Time for stock validation +
Time to add stock to records +
Time to prep stock for storage**



Inventory shrinkage



Measures the shrinkage due to damage, miscounts and fraud.

**Ending inventory value -
Physically counted inventory
value**



Dead Stock



How much money you saved by
using preventive maintenance

**Assumed Repair Cost +
Production Losses -
Preventative Maintenance Cost**



INVEST

ORBS

KPIs

Return on Investment



How much money you made compared to your investment

Income from asset / Asset invested



Dividend Payout Ratio



Provides insights into the company's dividend sustainability and potential for future payouts

Dividend / Net income



Earnings per Share



Company's profitability on a
per-share basis

**Net Income / Average number
of outstanding shares**



Price-to- Earnings Ratio



Price of a company's shares
relative to its earnings

**Market Price per Share /
Earnings per Share**



Dividend Yield



Return on investment from
dividends

**Annual Dividend per Share /
Market Price per Share**



Share buyback Ratio



Reflects commitment to returning capital to shareholders and increasing the value of remaining shares

**Total Shares bought back /
Total Marketcap**



Current Ratio

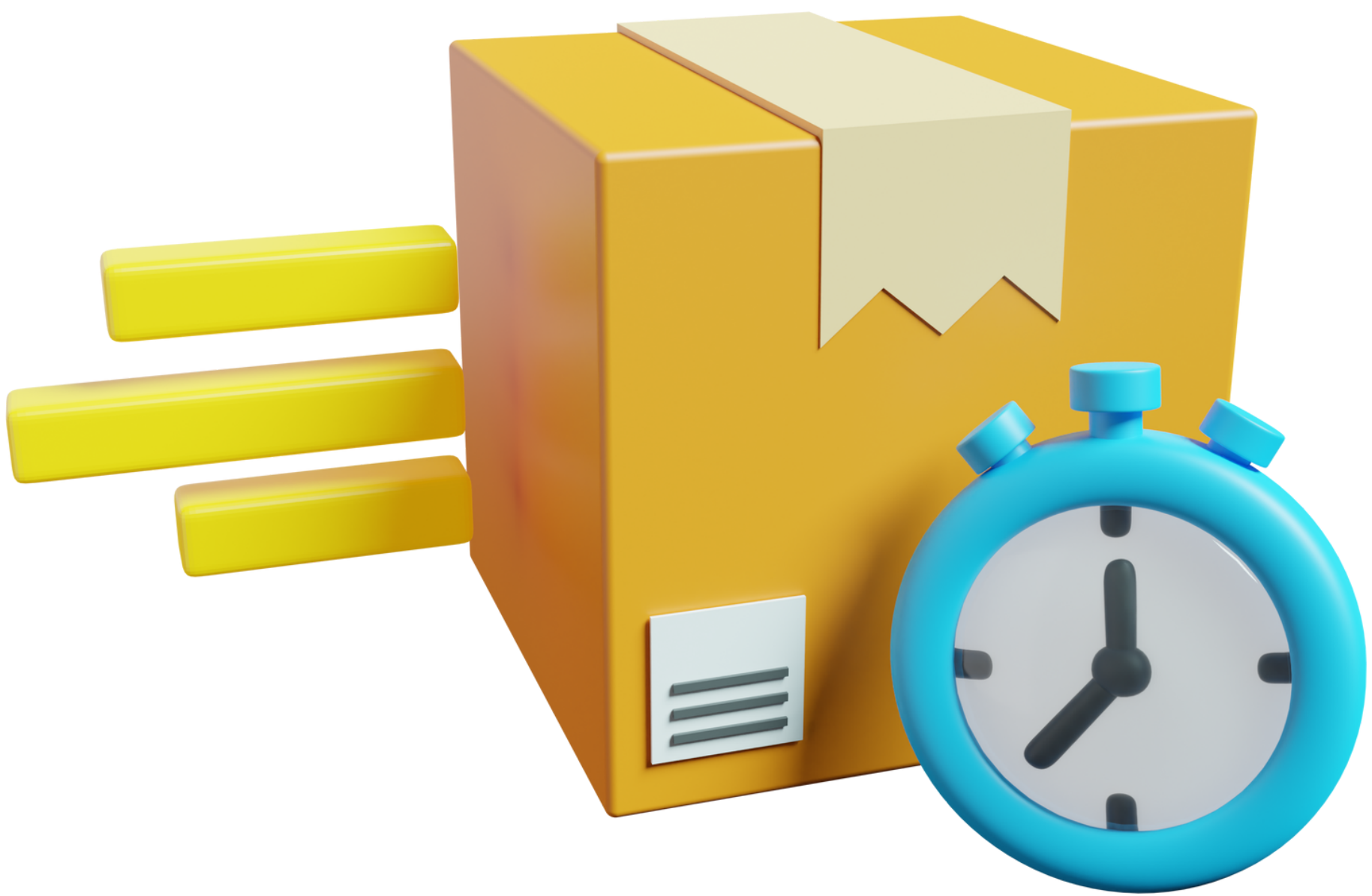


Company's ability to pay its current liabilities with current assets

Current Assets / Current Liabilities



Quick Ratio



Company's ability to pay its
current liabilities with quick
assets

**(Current Assets - Inventories) /
Current Liabilities**



Gross Margin Ratio



Measures the profitability of a company's products or services

$(\text{Revenue} - \text{Cost of Goods Sold}) / \text{Revenue}$



INVESTORS KPIS

Net Promoter Score



Measures customer satisfaction
and loyalty

**% of Promoters - % of
Detractors**



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HEAD

COUNT

KPIs

HEADCOUNT

Headcount



Number of active people working for a company at a certain time

Number of active employees full time & part time + leasing employees



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Full Time Equivalent



1 FTE equivalent of a standard
working hours contract.
Example: a part time at 50% =
0,5 FTE

**Number of hours in the
employee contract / Standard
working hours**



Revenue per Employee



Indicates the efficiency of the workforce in generating revenue

Total Revenue / Number of employees



Natural attrition



Number of employees planned to leave the company based on the actual contractual situation

Planned retirement + Planned end of limited contract



Capacity



Calculates the number of hours available from direct workforce

**Number of FTEs over a period x
working hours available for one
FTE**



Capacity increase flexibility



Calculates how much capacity can be increase without having to recruit new employees

**Flexible time account not used
+ Overtime + Temporary
change of hours available in
part-time contracts**



Capacity decrease flexibility

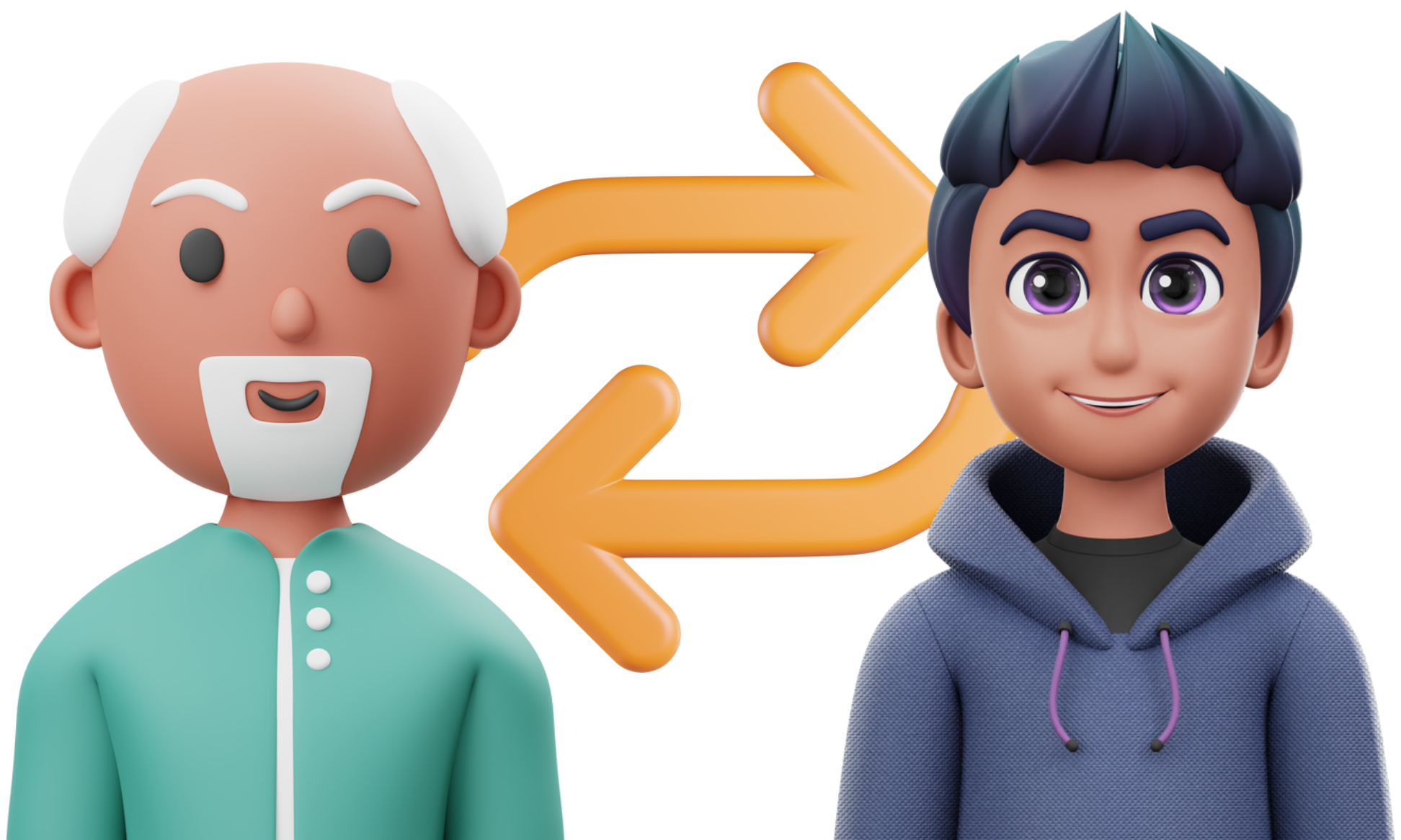


Measures how efficiently a company uses its assets to generate profits

**Flexible time account +
Temporary change of hours
available in part-time contracts
+ Temporary workers time**



Noria effect



Effect of changes in
compensation due to hiring
and departures

**(New hires salary costs -
Leavers salary costs) / Previous
salary costs**



Absenteeism



Calculates the % of time not worked due to illness

Illness days / Total working days



Time to fill



Measures how long it takes to fill in an open position

Average number of days between job opening and contract signed by candidate



CAPEX

KPIs

Acquisition



Total amount spent on
acquiring fixed assets

Purchase Cost + Direct Costs



Commitments Ratio



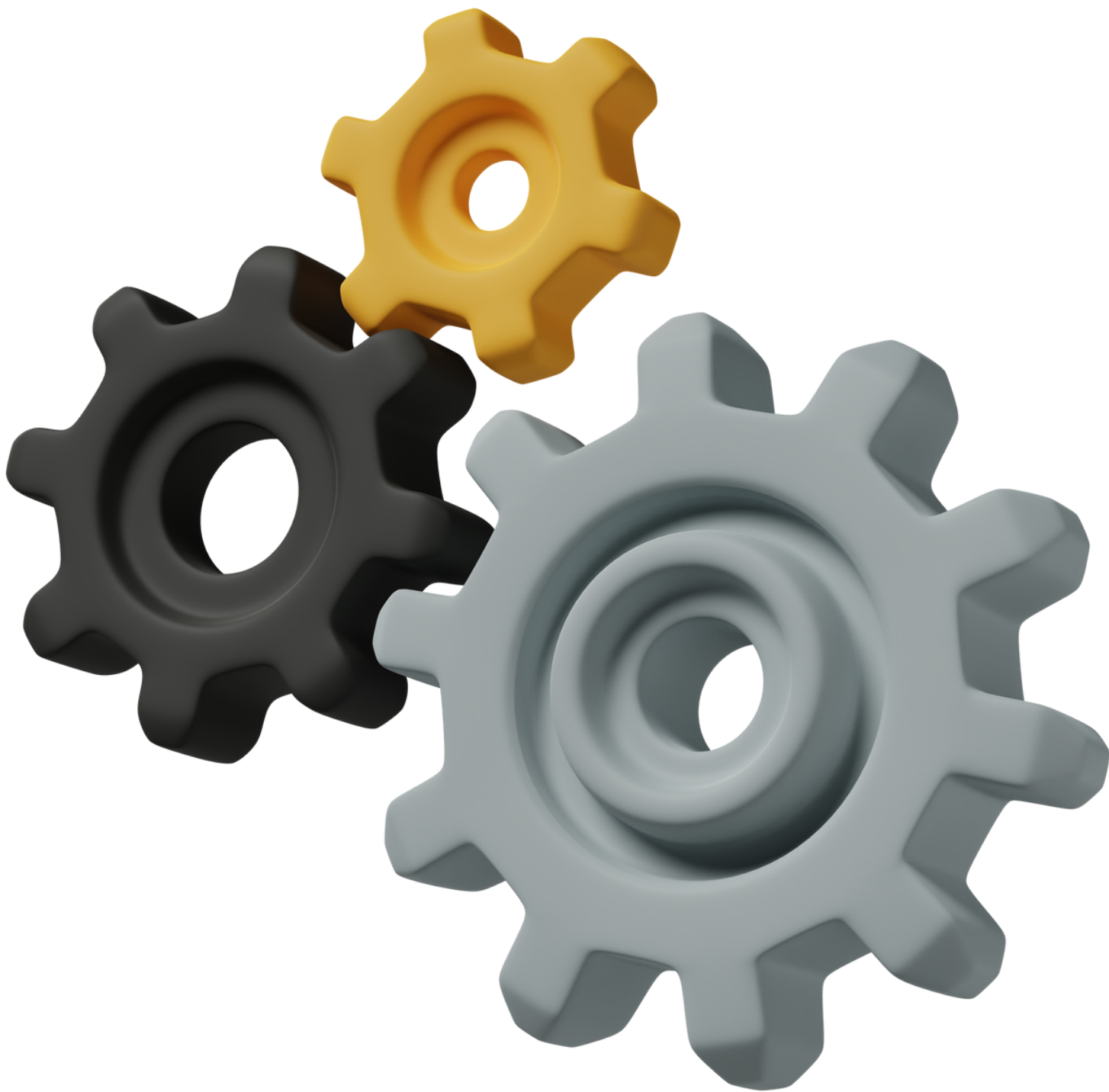
Measures total amount committed for future fixed asset purchases versus CAPEX budget

Future Purchase Contracts / CAPEX Budget for the year



CAPEX KPIS

Asset Turnover



Revenue generated per dollar
of fixed assets.

Revenue / Fixed Assets



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Return on Assets



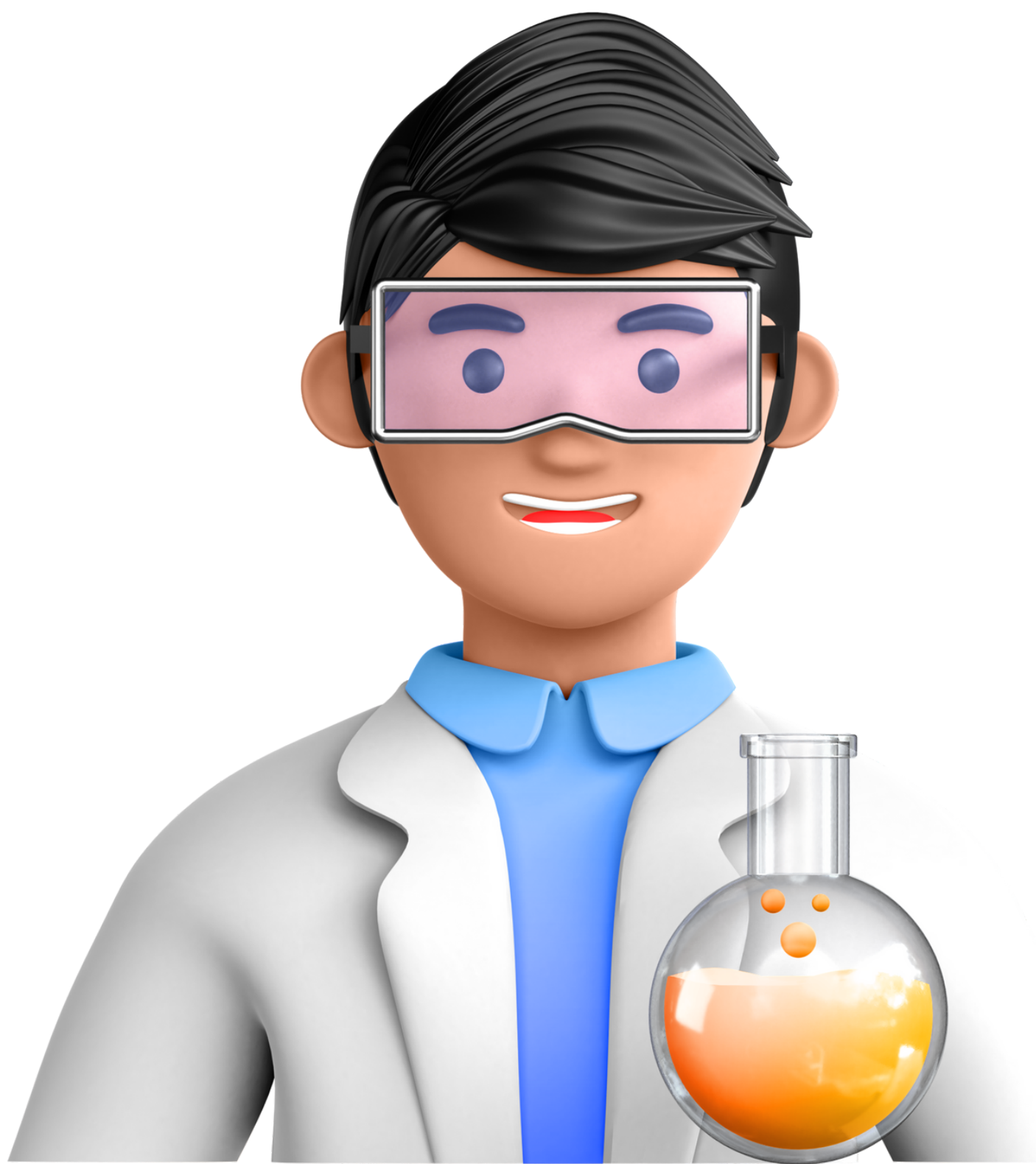
Measures how efficiently a company uses its assets to generate profits

Net Income / Total Assets



CAPEX KPIS

Capitalized R&D



Measures the amount of R&D costs capitalized vs total R&D Spent

R&D Capitalized / R&D Spent



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Payback Period



Time required to recoup the investment in fixed assets

Total Investment / Annual Cash Flow



Internal Rate of Return



Expected rate of return on fixed
asset investment

$$\left(\frac{\text{Future Value}}{\text{Present Value}} \right)^{\frac{1}{\text{Number of Periods}}} - 1$$



Net Present Value



Present value of future cash flows from fixed assets

Net Cash Flows / [(1 + discount rate) ^ Number of periods]



Depreciation



Value of fixed assets consumed
over time

Acquisition / Useful Life



Utilization



Degree to which fixed assets
are being used

**Actual Production / Maximum
Production x 100%**



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BALAN

CE

SHEET

KPIS

Maintenance Costs Ratio



This KPI measures the cost of maintaining and repairing PP&E relative to the initial or net book value of the assets

Maintenance Costs PPE / PPE Value



Depreciation Expense Ratio



Measures the rate at which the value of PP&E is depreciating over time

Depreciation expenses / Fixed Assets Value



Liability Aging Analysis



Identifies any potential issues with timely payment and help take appropriate actions

Categorize liabilities based on their due dates (e.g., current, 30-60 days, 60-90 days, etc.)



Liability Coverage Ratio



Measures the ability of a company to cover its liabilities with its available assets

(Total Assets - Intangible Assets) / Liabilities



Interest Coverage Ratio



It measures a company's ability to pay interest expenses on its debt

Earnings Before Interest and Taxes (EBIT) / Interest Expenses



Assets Lifespan



It helps in tracking the duration for which assets are productive and provides insights into replacement or maintenance requirements

Average of historical age of all assets weighted by value of assets



Return on Capital Employed



Measures the return generated on all capital employed in the business, including both equity and debt

Operating Profit / (Equity + Debt)



Tangible Net Worth



Represents the net worth of a company excluding intangible assets such as goodwill

**Total Assets - Intangible Assets
- Total liabilities**



Cash Flow Adequacy Ratio



Measures a company's ability to generate sufficient cash flow to cover its operating expenses

**Operating Cash Flow /
Operating Expenses**



Goodwill-to- Total Assets Ratio



Measures the proportion of goodwill (arising from acquisitions) in relation to total assets & help identify potential impairment risk

Goodwill / Total Assets



TAX

KPLIS

Effective Tax Rate



Measures the actual tax rate
paid on taxable income

**Total Income Tax Expense /
Taxable Income**



Marginal Tax Rate

TAX



Measures how quickly a company pays its suppliers

**Total Supplier Purchases /
Average Accounts Payable**



Taxable Income



Measures the amount of income subject to tax after allowable deductions and exemptions

Gross Income - Deductions - Exemptions



Tax Provision



Measures the amount set aside
in financial statements for
future tax payments

**Current Tax Expense + Deferred
Tax Expense/ Benefit**



Deferred Tax Asset/Liability



Measures the expected tax liability or benefit from temporary differences between book and tax values

Book Value - Tax Value x Tax Rate



TAX KPIS

Tax Compliance Rating



Measures the company's compliance with tax laws and regulations

**Number of Tax Filing Errors /
Total Tax Filings**



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Tax Audit Rate



Measures the frequency and scope of tax audits

Number of Tax Audits / Total Tax Filings



Tax Loss Carry forward



Measures the amount of unused tax losses that can be carried forward to future years

Total Tax Losses - Tax Losses Utilized



Tax Credits



Measures the amount of tax credits used to offset tax liability

**Total Tax Credits - Tax Credits
Forfeited**



Effective Tax Planning Rate



Measures how effectively a company uses its fixed assets to generate sales

Revenue / Net Fixed Assets



CEO

KPIs

Revenue Growth



Measures the increase in revenue from one period to another

**(Current period revenue -
Previous period revenue) /
Previous period revenue**



Market Share



Measures the company's portion of the total market sales within its industry

Total Sales of the Company / Total Sales of the Market



Employee Productivity



Measures the overall productivity and efficiency of the workforce

Total Productive Hours / Total Worked Hours



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CEO KPIs

Innovation Index



Assesses the company's ability to foster innovation and drive new product development

Revenue derived from New Products / Total Revenue



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Brand Equity



Measures the perceived value and strength of the company's brand in the marketplace.

Brand Awareness × Brand Perception × Brand Loyalty



Market Expansion



Measures the company's success in expanding into new markets or segments

Revenue from New Markets / Total Revenue



Sustainability Metrics



Measures the company's progress in achieving sustainability goals, such as reducing carbon emissions, improving energy efficiency, or implementing sustainable practices.

Sustainability Goals Achieved / Total Sustainability Goals



Employee Engagement



Measures how much profit a company generates with the money shareholders have invested

Employee Engagement Score
based on the average of
responses of an employee
survey



Employee Turnover



Measures the rate at which employees are leaving the company

(Number of Employees who left during the period / Average Number of Employees during the period) x 100



Cash Flow



Measures the cash inflows and outflows of the company during a given period

**Operating Cash Flow +
Investing Cash Flow +
Financing Cash Flow**

