

Critical Performance Indicators

Customers

Customer Satisfaction

- Customer intent to repurchase
- Customer perception availability
- Customer perception of ease to work with
- Customer perception of hidden or indirect costs
- Customer perception of quality of outputs
- Customer perception of reliability
- Customer perception of serviceability
- Customer rating
- Price
- Product quality
- **Satisfied customer index #**
- Service attributes such as timeliness, responsiveness, understanding of needs of customer/customer's business, quality of relationship, knowledgeable staff, customer focus, and proactivity
- Service quality
- Market perceived value

Quality

- Claims
- Customer complaints
- Customer perception of reliability per survey
- Errors in order fulfillment, such as wrong items shipped, shipments not made, incorrect billings (total number or as a percent of orders taken)
- Number of customer complaints
- **Product return rates**
- Returns as a percentage of sales
- Total product returns (dollars or units)
- Warranty claims as a percentage of sales or shipments

Service

- Average number of customers per week with unsolved problems
- Average response time per customer request
- Average response time to solve customer problem
- Customer complaints resolved.
- **Number of customer complaints resolved on the first contact**
- Number of potential orders that had to be declined
- Percent of delivery deadlines met (compared to either the date requested or promised)
- Percentage of customer problems solved within time frame (say, 48 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

Price

- Direct price
- Price relative to competition
- **Total Cost to customer (relative to competition)**

Customer Retention

- Average customer duration with company (months)
- Average duration of customer relationship
- Customer retention rates
- **Customer turnover rates**
- Customers lost (# or %)
- Lost business revenues compared to market average
- Net customer gains
- Number of dormant customers (for example, those who have not purchased anything in six months)
- Percent of customers who are repeat customers
- Percent of new business done with repeat customers
- Percent of revenue from existing customers
- Repeat customers

Sales

Sales Volume

- Annual sales per customer
- Average sale amount (per transaction)
- Average sales per customer
- **Average sales price per unit**
- 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 other relevant unit, such as sales per square foot

Sales Mix

- Growth rates by product
- Percentage of sales from each distribution channel
- Percentage of sales from each product/service or product/service line
- Percent of sales from new products

- Percent of sales from products whose patents will expire within a year
- Percent of sales of one product from customers who also bought a companion product
- Percent of unprofitable products/services
- Revenue generated from customer segments (e.g., new; affluent; large versus small; industry; region)

Existing Customers

- Average sales per repeat customer
- Number of customers (#)
- Percent of new business done with repeat customers
- Percentage of 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")

Innovation & Growth

New Customers

- Average sales per new customer
- Growth in number of new customers
- Number of new accounts opened
- Number of prospects
- Percentage of customers received by referral
- **Revenues from new customers/total revenues (%)**

New Products

- Increase in major projects-count of number of projects over a specified dollar value
- Number of new products introduced by competitors
- Percentage of revenue from target market segment
- Percent of revenues generated from products developed in the last XX months
- Ratio of new products (less than 2 years old) to full company catalog (%)

Marketing

General

- Additional sales made to existing customers through referrals or cross-selling
- Amount of time spent with customers or potential customers
- Customers/employee (#)
- Gross margin per sales call
- Marketing cost as a percent of sales
- **Marketing cost per new customer obtained**
- Number of ads placed

- Number of industry trade shows attended
- Number of people who are exposed to the ads (available from the newspaper, magazine, or other medium that carries the advertisement)
- Number of presentations made
- Number of proposals made
- Number of times the organization or its products are mentioned in periodicals or broadcast media
- Orders per sales call
- Percent of public awareness of, or favorably 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)
- Total advertising or marketing costs

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 area in which it competes) done on a product or product line basis**
- Number of channels in which the product is available
- Number of customers
- Percentage of proposals made that were accepted
- Sales to new customers as a percent of total sales

Employees

Competencies

- Competence development expense/employee
- Cross-department (or cross-functional) assignments
- **Hours of training per employee**
- Per capita annual cost of training and support programs for full-time temporary employees
- Per capita annual cost of training, communication, and support programs (\$)
- Share of development hours (%)
- Share of training hours (%)
- Time in training (days/year)
- Training costs per employee
- Training expense/administrative expense (%)
- Training expense/employee (\$)
- Training investment/customer

Skills

- **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
- Number of individuals cross-trained in other tasks or departments
- Number of management personnel trained on company personnel policies and labor laws
- Patents issued
- Percent of employees trained in critical technologies or functions
- Percentage of "certified" employees

Employee Satisfaction

- Absentee rate (or number of workdays missed)
- **Annual turnover of full-time permanent employees**
- Average length of service for employees
- Average number of 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 fair treatment
 - Employee perception of open communications
 - Employee perception of recognition/reward
 - Employee perception of supervision
 - Employee perception of teamwork
 - Perceived alignment of systems (reward, communication, performance management, succession, development, etc.) with strategy
- Employee turnover rate
- Empowerment index (#)
- Frequency of performance evaluations
- Leadership index (#)
- Motivation index (#)
- Number of employee suggestions submitted during the period
- Percentage offers to prospective employees that are accepted
- Satisfied employee index (#)

Productivity

- Absentee rate
- Average hours worked per week
- Output per employee (e.g., sales per employee, delivery per employee)

- Production per employee (for example, chargeable hours per staff in a professional service firm, contact per salesperson)
- Productivity statistics per employee by department
- **Sales per employee**
- Sick days taken per employee
- Value added per employee (that is, production costs net of those paid to outside suppliers)

Financial

Income

- **Gross margin (%)**
- Net Income
- Net income margin (%)
- Profits as a percentage of sales (%)
- Profits resulting from new business operations
- Profits/employee
- Profits/total assets (%)
- Return on net sales
- Revenue/expense ration

Yields

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

Value Added

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

Shareholder

- **True economic return (profit +/- owners pay differential)**
- Compound growth rate
- Dividends
- Market value

Financial Strength and Flexibility

- **Credit rating**
- Debt (\$)
- Debt to assets
- **Debt to equity**
- Leverage ratio (DuPont formula)
- Liabilities to equity
- Ratio of used to total credit lines
- Times interest earned
- Total assets
- Total assets/employee

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

Turnover

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)**
- **Receivables/Payables Ratio**

Inventory

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

Other

- Asset turnover ratio
- Capital efficiency

- Sales per employee

Revenue

- Revenue per salary dollar
- Revenues resulting from new business operations
- Revenues/employee (\$)
- Revenues/total assets (%)
- **Sales per square foot (of retail space)**
- Same store sales

Expense

Accounting

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

Administrative

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

Credit Department

- 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

- Customer-service function expense per customer
- Customer-service function expense 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

Functional

- Activity costs
- Direct department expense
- Fixed expenses such as depreciation, real estate, and personal property taxes
- 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

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

Information Technology

- IT development expense/IT expense
- IT expense/administrative expense
- **IT expense/employee (\$)**
- IT expenses on training/IT expense

Maintenance

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

Marketing

- 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

Wages/Benefits

- Compensation expense per employee

- Dollar 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

Other

- Amount of fixed asset losses from employee theft
- **Bed debt expense as a percentage of net credit sales**
- Non-operating income/expense-financial impact not directly related to current operations
- **One-time, truly "nonrecurring" expenditures**

Productivity and Efficiency

Cost

- Cost of product
- Cost per transaction
- **Cost versus competitors' cost**
- Indirect cost as a percent of sales
- Inventory labor 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
- Ratio of inventory dollars to inventory labor and overhead dollars
- Ratio of price paid to price quoted
- Unit cost versus competition

Purchases

- Frequency of returned purchases
- Ratio of rejects to total items purchased
- Rejects per shipment received

Output

- Actual machine output as a percentage of output specifications
- Orders shipped
- Production level variation by month (due to seasonality)
- Products produced per day
- Products produced per labor hour
- Products produced per machine hour

- Total productivity factor (outputs/inputs)
- Total quantities produced or total hours billed

Efficiencies

- 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
- 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 nonproductive time as a percent of total time
- Incoming inspection
- Inspection time
- Labor 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

Waste/Scrap

- In-process scrap
- Scrap/waste

- Scrapped inventory amounts
- Scrap-quantity or cost
- Waste or scrap as a percent of total materials used

Quality

Product

- Completeness of manufacturing transfer package from R&D
- Cost of rejected materials
- Customer complaints (or claims) per day or product
- Damage claims per shipment
- First pass yield
- Inventory shrinkage as a percent of production or cost of sales personnel
- Mean time between failures
- Number of defects
- Number of discrepancies with product handling and storage policies and procedures
- Number of improvement recommendations by vendor implemented during the period
- Number of parts or vendors on ship-to-stock
- Number of service calls or amount of follow-up service required by customers
- Number of stored products damaged by employee mistakes
- Number or rate of customer returns
- Number or rate of defects
- Parts per volume accepted
- Percent of problem-free installs on first attempt
- Percent of products meeting specifications
- Percentage no-damage shipments
- Percentage of good components in final assembly
- Production or service errors reported
- Rate of customer complaints due to damaged shipments
- Rate of customer returns due to damaged shipments
- **Rate of defects (%)**
- Rate of quality improvement
- Rate of quality-related customer complaints caused by substandard materials or parts
- Rate of quality-related customer returns caused by substandard materials or parts
- Reissues
- Reject rates
- Rework
- 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
- Total downtime or process stoppages due to process problems (such as machine breakdowns or unavailable personnel)
- Total units of rework
- Warranty claims per week
- Warranty costs
- Warranty expense

- Waste or scrap as a percent of total materials used

Service

- Average days late per late shipment
- Contracts field 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
- Invoice accuracy
- Mean time to resolve a problem
- Number of partial shipments
- Number of product errors
- Number of shipping errors
- Number of stock outs
- One time delivery (e.g., percent of shipments received by the requested dates)
- Percent delivered to rush order
- Percent delivered to schedule
- 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 (\$)

New Product Development

New Products

- Business development expense/administrative expense
- Development speed (time to market) for new products
- Number of new products introduced
- Number of new products introduced per person
- Number of new products per period
- Patents pending (#)
- Ratio of new products to total products

Investment in R&D

- Average "update" (R&D) expenses incurred per existing product

- Average annual number of substantive changes made per existing product
- Average payback period of new products
- Average product development costs per 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 million dollars of 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

Information Technology (IT)

- Accuracy of information (e.g., information systems capabilities)
- Average IT update expenditures per person
- Change in IT inventory (\$)
- Discontinued IT inventory/IT inventory
- 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

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
- 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 remittance by electronic means versus by check
- Ratio of interest earned/average cash balances

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

Capital Investments

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

Safety and Environment

- **Average cost per accident**
- Average number of days required to investigate safety concern reports
- Average time off per accident
- Average worker's comp claim as a percentage of industry average
- Days lost to injury
- Environmental and safety behaviors (e.g., safety training and awareness activities, safety monitoring, near-misses)
- Environmental and safety results (e.g., number of days with no safety violations or environmental incidents)
- Frequency of employee safety training programs
- 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

Credit/Collections

- Average collection-function expense per customer
- Average collection-function expense per customer phone call

- Average collection-function expense per past-due account over \$1,000
- Average credit limit per new account
- Average number or amount of past-due accounts
- Average time to approve/reject credit requests
- **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
- Number of accounts over 90 days past due
- Final demand letters sent to customers
- New account past-due receivables as a percentage of total new account receivables
- Number of accounts over 90 days per due
- Past-due amounts for 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 incurrent invoices and statements

Purchasing and Accounts Payable

- Amount of emergency purchases made
- Average days late per shipment
- Average dollar size of order placed
- 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)

Sales Operations

- Average sales per salesperson
- **Average time from customer contact to sales response (i.e. sales cycle)**
- Customer time/employee attendance

- Customer visits to the company
- Days visiting customers (#)
- Direct communications to customer/year
- Field sales management
- Field salespeople (#)
- Inbound calls taken
- Number of sales (or response rate) necessary to cover costs of marketing campaigns
- Outbound calls made
- Percent of potential deals that are actually closed
- Response rates from direct mail pieces and other advertising
- Sales closed/sales contacts

Accounting

- 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
- Dollar 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 other management reports (weekly sales reports, cash reports, etc)
- Management (user) satisfaction rate (annual survey) Number of adjusting journal entries per period Number of missed due dates Number of year-end audit entries

Suppliers

- Cost of products or services supplied
- Frequency of late receipts
- Frequency of wrong items received
- Number, value, or average age of open purchase orders
- Percent of complaints handled correctly on the first call
- Percent of items received having quality-related defects
- Quality of features of the supplier's product of service that are critical to the organization's processes or needs
- Quality of products or services supplied
- Required lead times
- Satisfaction with suppliers (can be measured through an internal survey like that used for customers)
- Suppliers' dependability index
- Total cost of products (including freight, set-up, unfavorable payment terms, cost of excessive lead times or purchase quantities) compared to competitors of the supplier

Community Relations

- 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 source