



7 KPI's RECKONER + BUSINESS PROGRESS CARD

Wish you an improved 2023



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**Dear Business owners, Entrepreneurs, Founders, CEO's, MD's,
Greetings from DeltaEta,**

The last 10 years of my journey as a consultant taught me a valuable lesson - Businesses fail more often due to delayed feedback than negligence or mismanagement.

As a remedy to this dangerous trend, DeltaEta has developed this **7 KPI's Reckoner + Progress Card**, where seven vital KPI's can be recorded and improvement monitored .

To make it more useful , a short write up on the seven KPI's is also added with reference values. The calendar starts from November to get accustomed. This is our humble effort to empower businesses to improve.

Please feel free to share this tool with all your friends and connections for everyone's benefit.

Wish you an improved 2023.

With kind regards,

Ninan P Chandy

Founder & Managing Director



Month-.....

1.Efficiency (η)

Output Value (A)	Input Value (B)	Efficiency (η) = A/B	Delta (Δ)

2.Breakeven Value (BEV)

Fixed Cost (C)	Gross Profit in% (D)	Breakeven Value = C/D	Delta (Δ)

3.Inventory Turnover Ratio (ITR)

Sales (E)	Closing Inventory (F)	ITR = (E x 12 x D) / F	Delta (Δ)

4.Sell Through Rate (STR) Mainly for Retail Industry

Sales (E)	Opening Stock (G)	STR = E/G	Delta (Δ)

5.Cash Flow (CF)

Cash In (H)	Cash Out (I)	Cash Flow = H -I	Delta (Δ)

6.Outstanding Aging Bucket (OAB)

< 45 Days (J)	> 45 Days (K)	Total = J + K	Delta (Δ)

7.Improvement Opportunities Implemented (IOI)

S. No.	Variable Changed	Consumption Reduced	Utilization increased
1			
2			
3			
4			

KPI's - an overview



Efficiency (η) - Efficiency in Business is the output values generated from the total inputs. Output can be goods sold or produced, while input value is the sum of all expenses (Man, Material, Machine, Money etc.) incurred to generate the output.

It should be above 1.3 or more and the higher, the better.

Breakeven Value - BEV is the starting point for improvement. Knowing BEV helps to fix Volume, Price, Profits, Project Viability and stay successful.

Lower the BEV, the better.

Inventory Turnover Ratio (ITR) - This KPI indicates the amount of money invested in material against Sales. Inventory is the sum of all money in the business. (FG+RM+WIP+Advance Paid+Outstanding) that month while Sales is revenue of last 12 months.

Higher the ITR the better. For Manufacturing 4 is a good value while for retailers 6 or more.

Sell - Through Rate (STR) - This KPI indicates speed of stock movement and availability of right stock . This is a key measure for Retail Industry especially high value products like Jewelry and other Luxury goods .

STR should be around 1. A figure above 1 indicates chances of no stock unless maintained well.



KPI's - an overview

Cash Flow - Cash Flow is like Blood Flow. The movement it stops, companies collapse. Maintain your inflows and outflows monthly and ensure that inflow is higher than outflow.

Cash Flow to be always positive.

Outstanding Aging Bucket - The payment dues can cripple a company and so its prudent to track the outstanding and keep it with in manageable level.

The lesser the amount and value above 45 days the better.

Improvement opportunities implemented - "To improve is to change and to excel is to change often". Each change adds to company competitiveness and has a compounding effect. Each change should reduce consumption (raw material, consumables, manhours, utility, etc.) or increase utilization of the resources by eliminating constraints or both.

Implementing at least 3 changes a month adds to 36 changes in a year which is a sure way to improve efficiency and competitiveness.

"Your partners in Improving the KPI's "



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