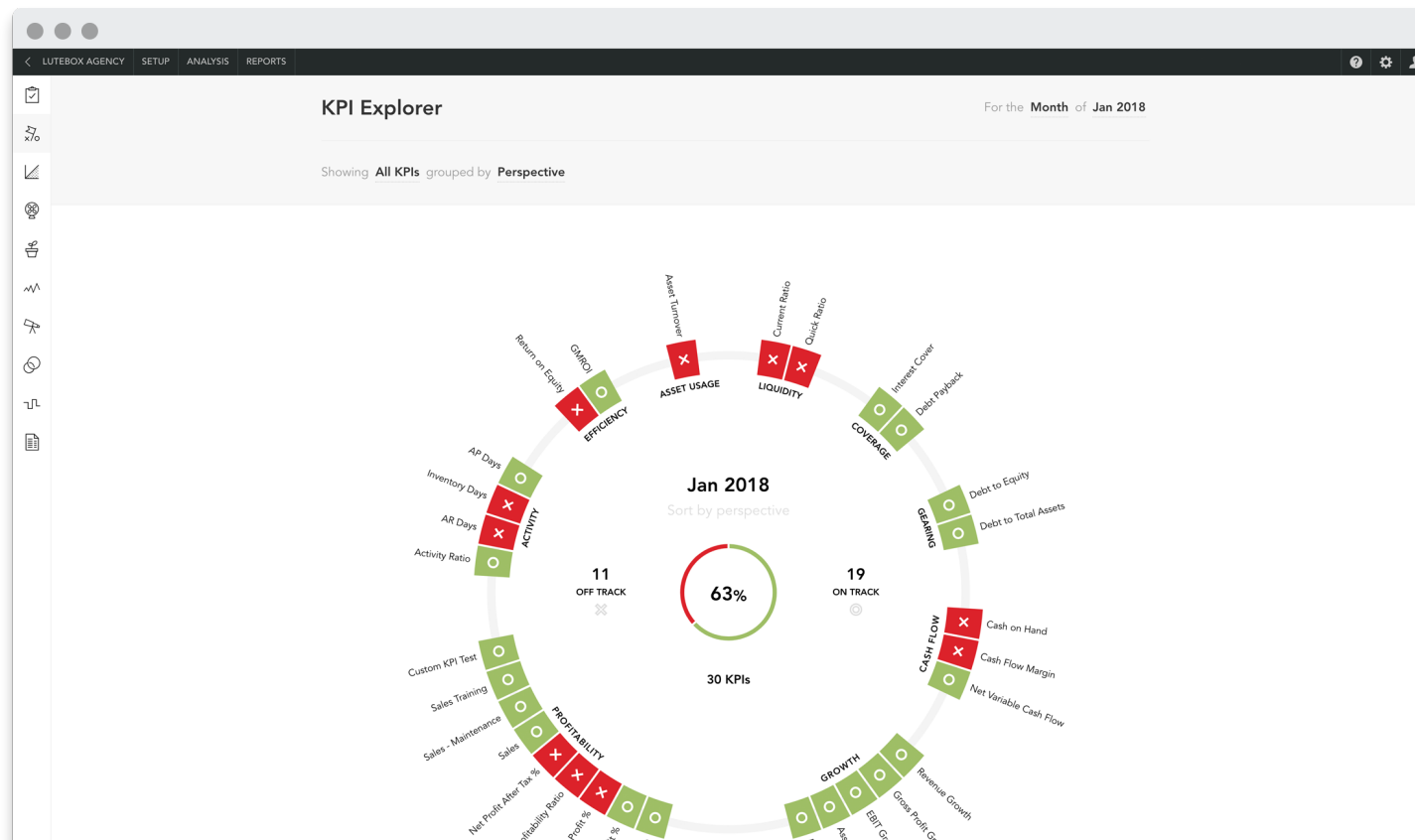


# Creating KPIs in Fathom

A step-by-step guide to measuring the metrics which matter for your business.



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# Table of Contents

## BASIC NAVIGATION

03 Setup

## OVERVIEW

04 Types of KPIs

## STANDARD KPIs

05 Financial KPIs

06 Predefined Financial KPIs

## CUSTOM KPIs

07 Creating a Custom KPI

08 Types of Custom KPIs

09 Non-Financial KPIs

10 Non-Financial Results

11 Account Watch

12 Tracking KPIs

13 Formula KPIs

## FORMULA BUILDER

14 Example 1

15 Example 2

16 Example 3

17 Example 4

18 Example 5

19 Example 6

## APPENDIX

20 Terms



## BASIC NAVIGATION

# Setup

To select or create KPIs for a company go to '**Setup**' for the company > then '**Step 4**'.

In this step you can select or create the KPIs which are important for your business. The KPIs selected here will appear in your reports and analysis. You can select a **maximum of 60** key performance indicators (KPIs). These KPIs can be grouped into a **maximum of 10** categories.

You can also group and arrange the selected KPIs, in any order.

**Select KPIs**  
Lutebox Agency

1 Update Data 2 Company Profile 3 Chart of Accounts **4 KPIs** 5 Targets 6 Alerts View Analysis

Step 4: Select from a range of standard financial KPIs or create your own KPI.

You have selected (✓) 30 KPIs.  Show all KPIs  Show selected KPIs

A	Profitability	Type	Importance	
✓	Total Revenue ⓘ	Default	★★★★	Critical
✓	Gross Profit Margin (%) ⓘ	Default	★★★☆☆	Medium
✓	Operating Profit Margin (%) ⓘ	Default	★★★☆☆	High



## OVERVIEW

# Types of KPIs

Fathom provides the flexibility to measure the KPIs that are important and relevant to your business. These KPIs help to track both **financial** and **non-financial** performance.

You can select from up to 50 predefined standard financial KPIs; or create your own custom KPIs.

### STANDARD KPIs

## \$,£,%

### FINANCIAL KPIs

Predefined KPIs which assess financial health and performance.

### CUSTOM KPIs

## 123

### NON-FINANCIAL KPIs

Create a non-financial KPI. Results for these metrics are not sourced from your accounting system.



### ACCOUNT WATCH KPIs

Enables you to track any account from your general ledger as a KPI.



### TRACKING KPIs

Track financial KPIs for your divisions or locations.

## fx

### FORMULA KPIs

Enables you to define a formula to calculate your own KPIs.



## STANDARD KPIs

# Financial KPIs

The standard financial KPIs in Fathom help to assess the performance and financial health of your business. These KPIs are grouped into categories, for example, profitability, activity, efficiency, cash flow, growth etc... The KPIs which you select here will be included in your analysis and reports.

To select a financial KPI (✓) mark the green tick next to the KPI.

You can keep things simple and only select a few KPIs ... or select up to a maximum of 60 KPIs.

For each KPIs you can also assign a degree of importance, either 'low', 'medium', 'high' or 'critical'.

**IMPORTANCE**

A Profitability		Type	Importance
✓	Total Revenue ⓘ	Default	★★★★★ Critical
✓	Gross Profit Margin (%) ⓘ	Default	★★★☆☆ Medium
✓	Operating Profit Margin (%) ⓘ	Default	★★★★☆ High

---

You can select to track any of the following Financial KPIs for your company:

☆ **PROFITABILITY**

Total Revenue  
Gross Profit Margin  
Operating Profit Margin  
Profitability Ratio  
Expense-to-Revenue Ratio  
Net Profit After Tax Margin  
Breakeven Margin of Safety

☆ **ACTIVITY**

Activity Ratio  
Accounts Receivable Days  
Inventory Days  
Accounts Payable Days  
Work in Progress Days  
Cash Conversion Cycle

☆ **EFFICIENCY (LEVERAGE)**

Return On Equity  
Return on Assets  
Return on Capital Employed  
Gross Margin Return on Inventory

☆ **ASSET USAGE**

Asset Turnover  
Fixed Asset Turnover  
Working Capital Absorption

☆ **LIQUIDITY (SOLVENCY)**

Current Ratio  
Quick Ratio  
Cash Ratio

☆ **COVERAGE (DEBT SERVICING)**

Interest Cover  
Cash Flow Coverage  
Debt Payback  
Debt Service Ratio

☆ **GEARING**

Debt to Equity  
Debt to Total Assets  
Equity Ratio

☆ **CASH FLOW / CASH POSITION**

Operating Cash Flow  
Free Cash Flow  
Net Cash Flow  
Cash on Hand  
Cash Flow Margin  
Operating Cash Flow to Net Income  
Cash Flow Adequacy Ratio  
Net Variable Cash Flow

☆ **GROWTH**

Revenue Growth  
COS Change  
Expense Change  
Gross Profit Growth  
Operating Profit Growth  
EBIT Growth  
Net Income Growth  
Asset Change  
Net Debt Change  
Equity Change  
Growth Equilibrium

☆ **VALUE**

Economic Profit



## CUSTOM KPIS

# Creating a Custom KPI

To create your own Custom KPI, select the “Create a KPI” button.

CREATE A KPI

A Profitability		Type	Importance	
✓	Total Revenue <a href="#">?</a>	Default	★★★★★	Critical
✓	Gross Profit Margin (%) <a href="#">?</a>	Default	★★★☆☆	Medium
✓	Operating Profit Margin (%) <a href="#">?</a>	Default	★★★★☆	High
✓	Profitability Ratio <a href="#">?</a>	Default	★★★★★	Critical
✓	Net Profit After Tax Margin (%) <a href="#">?</a>	Default	★★★☆☆	Medium
✓	Sales <a href="#">?</a>	Account	★☆☆☆☆	Low
✓	Sales - Maintenance <a href="#">?</a>	Account	★☆☆☆☆	Low
✓	Sales Training <a href="#">?</a>	Account	★☆☆☆☆	Low
✓	Custom KPI Test <a href="#">Edit</a> <a href="#">Remove</a>	Library	★☆☆☆☆	Low
B Activity				
✓	Activity Ratio <a href="#">?</a>	Default	★★★★★	Critical



## CUSTOM KPIS

# Types of Custom KPIs

To create your own Custom KPI, select the type of Custom KPI that you wish to create. Or choose “KPI Library” to select a KPI which you have previously created.

### CUSTOM KPI TYPES

**Select a type of custom KPI**

Non-financial	Account Watch	Tracking	Formula
Create a Non-financial KPI. Results for these KPIs must be entered in Step 1.	Track any account from your GL (e.g. Sales, Assets, Expenses)	Select financial KPIs for your divisions and locations	Create a KPI and define a formula for calculation.
<input type="button" value="SELECT"/>	<input type="button" value="SELECT"/>	<input type="button" value="SELECT"/>	<input type="button" value="SELECT"/>

or [select a metric from your KPI Library](#)





## CUSTOM KPIS

# Non-financial KPIs

Non-financial KPIs are typically employed to measure common business functions, for example: sales and marketing, customer service, production, operations, research and development, staff etc...

To create a non-financial KPI, specify a name, description, unit of measure, aggregation type, category and target type (see the appendix for definitions of these).

The screenshot displays a web application interface for creating a non-financial KPI. The main window is titled 'Create a Non-financial KPI'. The form contains the following fields and options:

- KPI Name:** Number of New Customers
- Description:** A measure of the total number of new customer this period.
- Unit of Measure:** Number
- Aggregation:** Summative
- Decimal Places:** Zero
- Target Type:** A higher result is favourable
- Category:** Profitability (with a link for 'new category')

Below the form, there is a checkbox labeled 'Do you wish to use this KPI in other companies?' with the text 'Add this KPI to your library. You can benchmark or consolidate results for this KPI.' The 'CREATE KPI' button is highlighted in grey, and there is a 'cancel' link next to it.

The sidebar on the left shows a list of KPI categories and their associated metrics:

- A Profitability**
  - Total Revenue
  - Gross Profit Ma
  - Operating Profit
  - Expense-to-Re
  - Breakeven Mar
- B Activity**
  - Activity Ratio
  - Accounts Recei
  - Accounts Paya
- C Efficiency**
  - Return on Asse
  - Return on Capit
- D Liquidity**
  - Current Ratio
  - Quick Ratio
- E Gearing**



## CUSTOM KPIs

# Non-financial results

Data for non-financial KPIs is not automatically sourced from your financial accounting system, so results must be entered into Fathom. Result data can be entered or imported in **Step 1 of the company setup**. You can either key numbers directly into Fathom or import results from Excel.

Date Range: February 2011 - January 2015

Source: Excel

Last Updated: 6 months ago (12th May 2015 2:15pm)

UPDATE FROM EXCEL

**Non-financials** ADD OR IMPORT NON-FINANCIAL RESULTS

Date Range: May 2014 - January 2015

Source: Excel

Last Updated: 23 days ago (27th October 2015 10:21pm)

ADD RESULTS IMPORT FROM EXCEL



## CUSTOM KPIS

# Account Watch

This type of KPI enables you to track any account from your general ledger. You can then easily monitor performance of this KPI against budget or target.

SELECT ANY P&L OR BALANCE SHEET ACCOUNT

**Add an Account Watch**

Select an account to watch:

The accounts shown below are from **4Sight Accounting Group** [Select a different company](#)

**All**

- Profit & Loss
- Balance Sheet

**A**

- Accounts Payable Account
- Accounts Receivable Account
- Accruals Account

**C**

- Cash & Equivalents Account
- COS Goods Account

**D**

- Adjustments Account
- Agents Commissions Account
- Amortisation Account
- COS Other Account



## CUSTOM KPIS

# Tracking KPIs

This type of KPI enables you to monitor any of the standard financial KPIs in Fathom, for **one** of your divisions, departments, locations or business units. For example, '**Gross Profit % for the Department A**'. Simply select a class or category, then select a metric. You can abbreviate and rename the KPI, if required.

SELECT ANY PROFITABILITY OR GROWTH KPI

The accounts shown below are from **ACME Constructions** [Select a different company](#)

Category	KPI Name	Type
Profitability	Breakeven Margin of Safety	Account
Profitability	EBIT	Financial
Profitability	Expense-to-Revenue Ratio	Account
Profitability	Gross Profit	Financial
Profitability	Gross Profit Margin	Account
Profitability	Net Income	Financial
Profitability	Net Profit After Tax	Account
Profitability	Operating Profit	Financial

Library folder: **Customer Service** [new folder](#)

[CREATE KPI](#) or [cancel](#)



## CUSTOM KPIS

# Formula KPIs

In addition to the standard financial KPIs, you can create your own custom financial KPIs. You can do this using the formula builder. In 'Step 1 of 2', you are required to define a name, description, unit of measure, aggregation type and target type.

**Create a Formula KPI Step 1 of 2**

KPI Name:

Description:

Unit of Measure:

Aggregation:   Decimal Places

Target Type:

Category:  [new category](#)

**Do you wish to use this KPI in other companies?**

Add this KPI to your library. You can benchmark or consolidate results for this KPI.

or [cancel](#)



## FORMULA BUILDER

# Example 1

Then you can calculate your own custom financial KPIs, using any accounts from your financial statements. For example,

**Wages as a % of Sales =**



$$\left( \text{Wages \& Salaries} / \text{Total Revenue} \right) \times 100$$

Clear

Select a variable to include in the formula:

Use prior period  Use current period

The accounts shown below are from **Lutebox Agency** [Select a different company](#)

All

Profit & Loss

Balance Sheet

Custom KPIs

Other

A

Adjustments

Account

Agents Commission

Account

Adjustments

Financial

C

Cash Tax Paid

Financial

COS Other

Account

COS Goods

Account

Cost of Sales

Financial

D

Depreciation

Account

Depreciation & Amortisation

Account



## FORMULA BUILDER

# Example 2

You can also create custom KPIs, using both financial and non-financial variables.  
For example,

Revenue per Employee =



Revenue / Number of Employees

[Clear](#)

Select a variable to include in the formula:   Use prior period  Use current period

The accounts shown below are from **Lutebox Agency** [Select a different company](#)

All

Profit & Loss

Balance Sheet

Custom KPIs

Other

A

Adjustments

Account

Agents Commission

Account

Adjustments

Financial

C

Cash Tax Paid

Financial

COS Other

Account

COS Goods

Account

Cost of Sales

Financial

D

Depreciation

Account

Depreciation & Amortisation

Account



## FORMULA BUILDER

# Example 3

You can also create custom KPIs, using variables which reference prior period results. For example,

**Net Income Growth % =**



$$\left( \left( \text{Net Income} - \text{Net Income}^{\text{Prior Period}} \right) / \text{Net Income}^{\text{Prior Period}} \right) \times 100$$

[Clear](#)

Select a variable to include in the formula:

Use prior period  Use current period

The accounts shown below are from **Lutebox Agency** [Select a different company](#)

All

Profit & Loss

Balance Sheet

Custom KPIs

Other

A

Adjustments

Account

Agents Commission

Account

Adjustments

Financial

C

Cash Tax Paid

Financial

COS Other

Account

COS Goods

Account

Cost of Sales

Financial

D

Depreciation

Account

Depreciation & Amortisation

Account





## FORMULA BUILDER

# Example 4

You can also create custom KPIs, for individual divisions, departments, locations, business units etc... This is based on data sourced from tracking categories / tracking classes. For example,

Gross Profit % of Division A =



$$\left( \frac{\text{Gross Profit}_{\text{Division A}}}{\text{Total Revenue}_{\text{Division A}}} \right) \times 100$$

[Clear](#)

Select a variable to include in the formula:

Use prior period  Use current period

The accounts shown below are from **Lutebox Agency** [Select a different company](#)

All

- Profit & Loss
- Balance Sheet
- Custom KPIs
- Other

A

- Adjustments Account
- Agents Commission Account
- Adjustments Financial

C

- Cash Tax Paid Financial
- COS Other Account
- COS Goods Account
- Cost of Sales Financial

D

- Depreciation Account
- Depreciation & Amortisation Account



## FORMULA BUILDER

# Example 5

Or you can also create custom KPIs, which track the performance of multiple divisions, departments, locations, etc...This is based on data sourced from tracking categories / tracking classes. For example,

**Revenue from Dept. A + Dept. B, as a % of Total Revenue**



$$\left( \left( \text{Revenue}_{\text{Dept. A}} + \text{Revenue}_{\text{Dept. B}} \right) / \text{Total Revenue} \right) \times 100$$

Clear

Select a variable to include in the formula:   Use prior period  Use current period

The accounts shown below are from **Lutebox Agency** [Select a different company](#)

<b>All</b> <ul style="list-style-type: none"><li><input checked="" type="radio"/> Profit &amp; Loss</li><li><input type="radio"/> Balance Sheet</li><li><input type="radio"/> Custom KPIs</li><li><input type="radio"/> Other</li></ul>	<b>A</b>	<input checked="" type="radio"/> Adjustments <small>Account</small>	<input type="radio"/> Agents Commission <small>Account</small>
		<input type="radio"/> Adjustments <small>Financial</small>	
	<b>C</b>	<input type="radio"/> Cash Tax Paid <small>Financial</small>	<input type="radio"/> COS Other <small>Account</small>
		<input type="radio"/> COS Goods <small>Account</small>	<input type="radio"/> Cost of Sales <small>Financial</small>
		<b>D</b>	



## FORMULA BUILDER

# Example 6

Or you can create custom KPIs, which references the current number of days in a period.  
For example:

### Accounts Receivable Days



$$\left( \text{Accounts Receivable} \times \text{Period Length} \right) / \text{Revenue}$$

[Clear](#)

Select a variable to include in the formula:

Use prior period  Use current period

The accounts shown below are from **Lutebox Agency** [Select a different company](#)

All

Profit & Loss

Balance Sheet

Custom KPIs

Other

A

Adjustments

Account

Agents Commission

Account

Adjustments

Financial

C

Cash Tax Paid

Financial

COS Other

Account

COS Goods

Account

Cost of Sales

Financial

D

Depreciation

Account

Depreciation & Amortisation

Account



## CUSTOM KPIs

# Terms

### UNIT OF MEASURE

Is the units by which KPI results are expressed. For example, \$, £, #, days, times. You can also define your own custom unit of measure.

### AGGREGATION TYPE

Is the method used to aggregate monthly results to quarterly and annual results. For example, KPIs measured as a ratio or percentage would typically be averaged over the months in a quarter or year. KPIs measured as a quantity (ie. number of transactions) would be summed over the months in a quarter or year.

### DECIMAL PLACES

This represents the precision which the KPI is measured to (zero, one or two decimal places).

### TARGET TYPE

If a higher result is better, (ie. customer satisfaction %), then set target type to 'Above Target Favourable'. If a lower result is better, (ie. customer complaints), then set target type to 'Below Target Favourable'.

### ADD TO LIBRARY

KPIs which are added to the KPI Library can be used by other companies in your Fathom account. Results for these KPIs can then also be compared and consolidated with other companies.



[www.fathomhq.com](http://www.fathomhq.com)