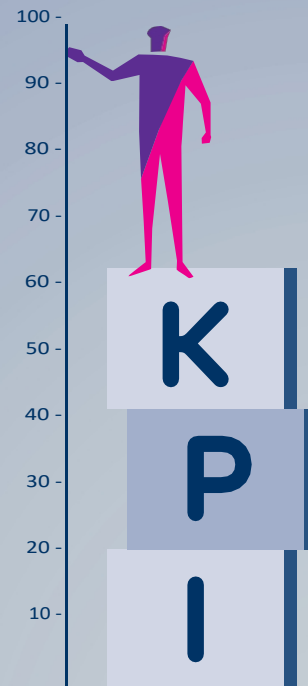


# Game changer key figures

**The path to becoming a data-driven company:** How you can achieve this with a well thought-out Key figure strategy to remain on course for success in the long term.



**The secret of long-lasting companies? The right handling of the right key figures, including Called "data-driven decision making". The so-called KPIs (Key Performance Indicators) are the basis for a data-driven company; they uncover weaknesses and opportunities or identify emerging market and industry trends - provided they are used systematically and strategically. Key figures are by no means reserved for the big players, but also ensure successful corporate management for medium-sized companies, start-ups and local heroes.**

So how can medium-sized companies benefit from KPIs? How can hidden champions use their KPIs effectively and become a data-driven company themselves? What are the challenges associated with data utilisation? How do you develop the right KPI strategy, which KPIs are relevant and how can you ensure that the data used is actually valid?

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With practical expert tips for every challenge!

# Recipe for success:

## The data-driven company

The days of "gut decisions" are over. A **data-driven company** uses the power of data to make objective decisions, optimise its business processes and secure competitive advantages.

The basis for this are **key business figures or KPIs (Key Performance Indicators)**, which measure the company's performance and provide fact-based, meaningful information on processes and interrelationships.



### Anticipating the future with the early warning system Key figures

Changes in demand, competition or customer preferences can be recognised at an early stage with the help of key figures.

**KPIs create transparency** and show possible deviations from business objectives - and therefore serve as **early indicators or early warning systems** for a data-orientated company.

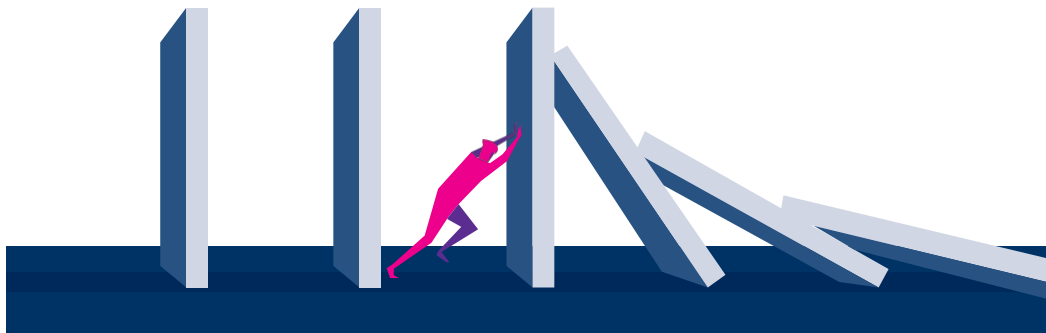


### The advantage: Successful knowledge management

Those who recognise shifts more quickly and have fact-based analyses available can initiate appropriate, data-related measures and thus minimise risks. This greatly increases the **responsiveness and adaptability** of the data-driven company, which can become a real **competitive advantage** and thus a **game changer**.

### Strengthening crisis security and resilience

KPIs are used by the data-driven company to monitor performance, make decisions and recognise problems. They **create transparency** about the defined business goals and the efficiency of a company's processes and departments. This **situational awareness** allows opportunities to be recognised and great resource potential to be unlocked.



# Most important instrument: The right key figure strategy

The right KPI strategy is the tool that data-driven companies use to operationalise their data usage and quantify their business goals. But which key figures are

really important? How can they be used strategically and what do you need to pay attention to in order to actually benefit from them?



## Development of a key figure strategy

In fact, there is **no "one-size-fits-all" solution**, as every company has its own special features and challenges that should be reflected in the KPIs. A KPI strategy must therefore be **developed individually** and **adapted to the company's processes** in order to be truly effective. Nevertheless, the development of a suitable KPI strategy can be divided into the following **4 main steps**:

1. Develop corporate goals and processes
2. Select key figures
3. Adapt and further develop strategy
4. Making data-driven decisions

On the following pages, we will explain each step in detail for you, give you valuable **tips for your strategy** and **present selected KPIs that** can serve as inspiration for your own KPI project and for your path to becoming a data-driven company.

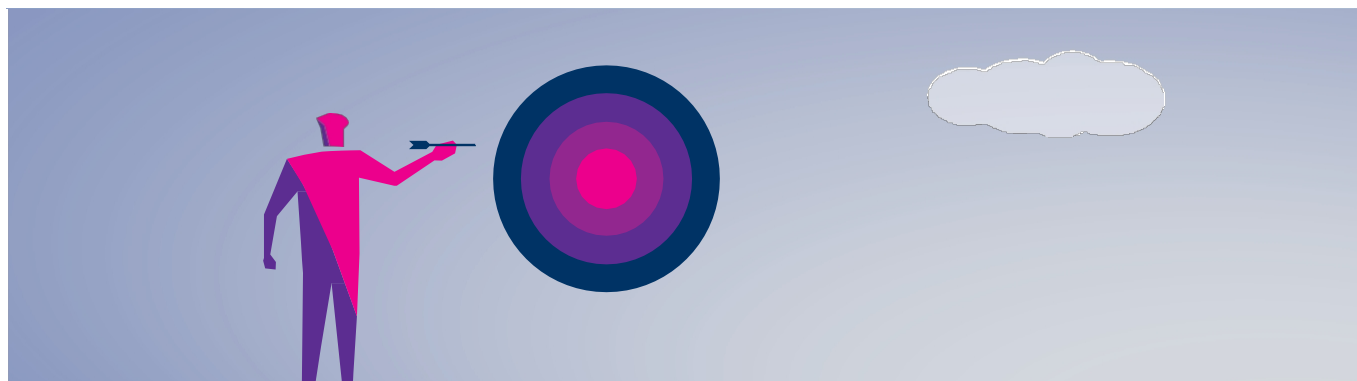
## STEP 1

# Develop corporate goals and processes

Key figures are always derived from the **company's objectives**. A company should define clear and measurable objectives and make these transparent for the KPI strategy. The KPIs are then selected in such a way that they can measure and illustrate progress in relation to the goals to be achieved.

Not all processes in a company are equally important for success. By **identifying** the **central processes**

you can select the relevant key figures for your business goals. **It is worth taking a deep dive into your own processes**. Which ones reflect **the reality of** your **company**? And which industry specifics should be taken into account when selecting KPIs? More on this in step 2: Selecting KPIs.



## STEP 2

# Select key figures

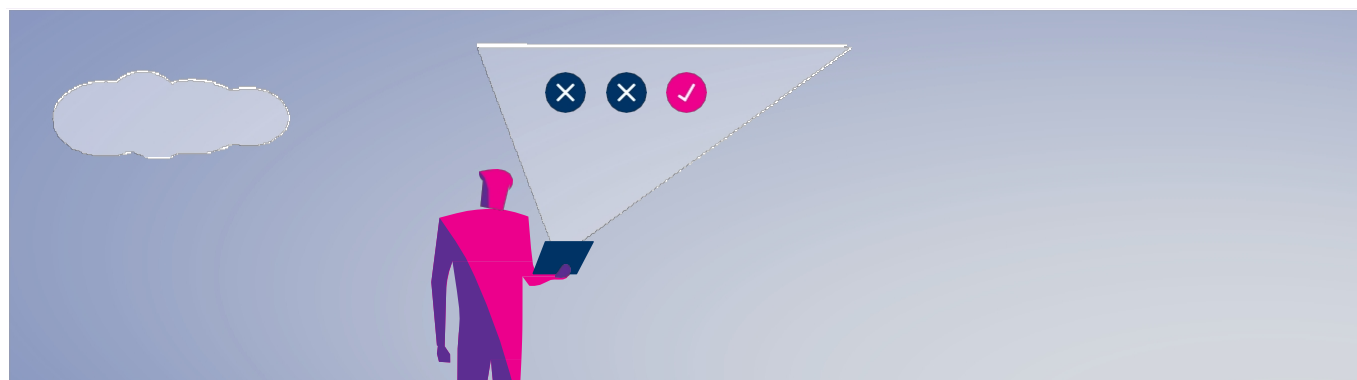
Once the corporate objectives and the relevant processes have been clearly defined, it is time to select specific key figures that can be used to measure the **relevant performance**. The following areas should be considered:

- > **Industry key figures**
- > **Key financial figures**
- > **Customer key figures**
- > **Process key figures**
- > **Learning and development indicators**

On the following pages, we will introduce you to the areas and present some suitable key figures. It is important that you

Even with a large number of interesting key figures, you should **limit** yourself to those that are really important for your **strategic goals** and prioritise them. Monitoring too many key figures can lead to an information overload that blocks the clear view of things that you need.

In addition to relevance, you should ensure a certain **balance** when choosing your KPIs and map as many aspects as possible (with as few key figures as possible): both financial and non-financial key figures, both short-term and long-term perspectives and both internal and external aspects of performance.





### Interesting industry key figure

#### > Overall equipment effectiveness (Overall Equipment Effectiveness, OEE):

Analyses the availability, performance and quality of production and identifies areas and processes that can be improved.

## Industry key figures: Spying on the industry, trends and competitors

Technological developments or **trends** within an industry can influence the selection of key figures. In highly automated sectors, for example, key figures on employee productivity and process automation are particularly decisive. **Industry-specific regulators** also influence the choice of KPIs and place a special focus on the monitoring of quality standards, for example.

In addition, **industry-specific comparative figures**, also known as industry key figures, are used for comparison, orientation and evaluation of your own company. The industry figures generally only reflect the **average values of competitors**, but they can help you to better assess your own sales or costs. If **serious deviations** are found, it is worth looking more closely at the facts and initiating appropriate improvement measures.



### Interesting industry key figure

#### > Cash flow margin:

Provides information on the financial health and stability of the company.

#### > Return on investment (ROI):

Makes investments comparable and serves as a decision-making aid.

## Key financial figures: Important, but not enough on their own

**One of the biggest mistakes made** by SMEs is to **focus solely on key financial figures, such** as turnover, profit, return on sales, EBIT, return on capital, etc. These KPIs are undoubtedly important for evaluating a company's success. Such KPIs are undoubtedly important in evaluating the company's success, but they only reflect financial performance. They do not provide any information on the quality of the product or service, nor on aspects such as customer satisfaction or supplier capability. Nor can competitiveness or trends and drivers in the market be derived from key financial figures. They **do not** provide a **complete picture of the business reality** and should therefore only be considered in conjunction with other key figures.



## Development of key financial figures

Key financial figures are particularly interesting when you look at their development. As an **absolute figure**, they only serve as a **snapshot of an individual company**. However, if you look at the **changes over time**, you gain a **deeper insight** into long-term performance.



### Interesting customer key figures

- > **Repeat purchase rate (RPR):**  
Good indicator of customer loyalty.
- > **Customer retention rate (CRR):** Shows whether your company is building successful customer relationships.
- > **Customer acquisition costs (Customer Acquisition Cost, CAC):** A good basis for assessing the efficiency of sales and marketing and strategically aligning the company.

## Customer key figures: How satisfied and loyal are your customers?

No success without satisfied customers. Customer KPIs are extremely important in order to better understand customer relationships, take targeted measures and improve satisfaction and loyalty. Because if customers are not happy, even efficient processes are useless.

Customer loyalty cannot be calculated directly, as it is made up of a combination of different behaviours - such as how often customers make purchases, whether they would recommend the company to others or whether they switch to the competition. In the box you will find some key figures that can be used to indirectly measure customer loyalty.



### Interesting process key figures

- > **On-time delivery (OTD):**  
Indicator for the performance of the supply chain.
- > **Capacity Utilisation (CU):** Provides information on the efficiency and productivity of systems, machines or employees.
- > **Storage Handling Frequency (SHF):**  
Indicates the period over which the stock is completely used up or sold.

## Process indicators: Performance and target achievement always in view

Process KPIs provide information about **process quality**, i.e. how efficient or stable internal processes are. They depict the operational facts - i.e. ensure transparency -, serve to **monitor performance** and show whether the planned targets are being achieved. With the help of process KPIs, **deviations** can be **identified at an early stage** and optimised workflows can be implemented to intervene in the inefficient or unstable process flow in good time in order to remain on course for success.



#### Interesting learning and development indicators

- > **Employee productivity:** Provides information on personnel requirements and other personnel decisions.
- > **Employee loyalty:** Indicator of employee satisfaction, working environment and corporate culture.
- > **Fluctuation rate, sickness absence rate, cancellation rate, days absent or error rate:** provide information about employee satisfaction, workload, working conditions and working atmosphere.

### Learning and development indicators: Personnel indicators for corporate success

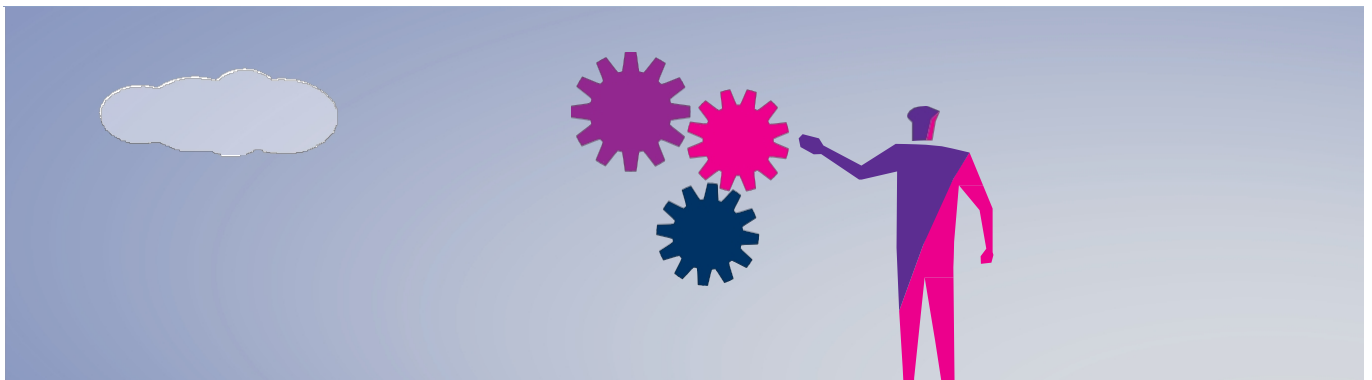
This category is about the development of a company in terms of growth, innovation (i.e. new developments) and **employees**. Employees are the key factor here and the most valuable resource with which the company's success can be secured. Especially in times of a shortage of skilled labour, they serve as a valuable basis for **strategic HR management**. Such HR key figures provide valuable insights into internal processes and indirectly show where there is room for improvement - for example in terms of employee satisfaction or corporate management and culture.

## STEP 3

### Adapt and further develop strategy

The **first draft of the key figures** is ready - all relevant key figures have been selected. This represents an important step in the KPI strategy. Now comes the continuous phase of

Adaptation and further development. After all, it is only after the initial KPI setup that it becomes clear whether all processes are actually optimally mapped in the selected KPIs.





## Check data validity

Figures should be **measurable, comprehensible and objective**. Ensuring reliable data sources, high data integrity and **up-to-date data** is crucial for a strong database that supports meaningful analyses and well-founded decisions. Only then will you receive reliable results that you can work with and practise data-driven decision making.

The **data source** influences the quality, relevance and reliability of the data, so it is important to check exactly from which locations, systems or processes the data was generated. Is the source **trustworthy and credible? Does** it provide **reliable information?**

**Data integrity refers** to the accuracy and consistency of data over time. A high level of data integrity means

This ensures that the data is **correct, complete, consistent** and **without duplicates** or contradictions. Manual reporting in particular often leads to (intentional and unintentional) manipulation of the data, which in turn can lead to incorrect conclusions.

**Data up-to-dateness** also plays an important role: when was the data created? Outdated data can provide a false picture of the current situation; for example, old sales data can suggest that a product is doing well when the latest sales figures are actually declining. Ideally, you should work with **daily data in** order to perfectly analyse the state of the company. to map.

” *With all the stumbling blocks in terms of **KPIs and data validity**, it is worthwhile for SMEs to bring in an expert to take a closer look at their data, KPIs and strategy. My advice: **get support and a consultant on your side**, it will work wonders for your KPIs and your company's success.*

(Markus Schäfer, ORDAT management)

### Tip:

**Business intelligence tools** can greatly improve **data validity** on several levels. You can find out more about this topic on page 11.

## Increase accuracy and relevance

The selection and use of key figures is not a one-off task, but an ongoing process for a data-driven company. It must always be carefully checked whether the selected KPIs are really target-oriented and valid, as this is the only way they can contribute to the company's success. After the initial draft, it becomes clear whether there are still gaps: Perhaps some services or entire departments are not yet accurately mapped. The accuracy, relevance and usefulness of the selected key figures increase with ongoing adjustments. Ideally, the company's own

The key performance indicator strategy is reviewed annually and also critically scrutinised, monitored and adjusted in planning rounds during the year.

” *A KPI strategy is an **iterative process**. The first draft therefore grows and develops over time, other key figures may be added and others may be dropped again - until you have mapped reality and performance as accurately as possible.*

(Markus Schäfer, ORDAT management)

## Map changes & adjust KPIs

The KPI strategy should also **be adapted** in the event of **external or internal changes**: Changes in the market, new competitors, technical innovations or new laws and customer requirements can influence the goals and priorities of your own company. Process changes within the company,

New products or services as well as a change in business strategy or organisational structure can lead to the introduction of new KPIs to measure efficiency or performance.

## STEP 4

## Making data-driven decisions

Once KPIs have been selected and the database validated, your KPI strategy becomes a real **game changer**, because: You can now make data-driven decisions and act as a data-driven company.

The **performance** and progress of the strategic (interim) goals can now be **perfectly read and monitored** - a state of **situational awareness** for both positive and negative deviations has been created: Does customer satisfaction meet the set target of 90% or is the figure lower than planned? Has the targeted 10% increase in productivity already been achieved? And has employee turnover been reduced by 5% as planned?



## Recognising shifts and deriving measures

Shifts, problems and opportunities can now be translated into **appropriate measures** by the data-orientated company. This step is of crucial importance, as otherwise the company's goals may not be achieved. Which steps and courses of action are derived **depends on the respective**

A high reject rate can, for example, indicate quality problems in the production process. Measures here could include revising quality controls, training employees or investing in better production equipment.

# High-quality, valid data thanks to business intelligence solution

A solid database is the basic prerequisite for data-driven companies and for a target-oriented KPI strategy. This is because non-valid, inaccurate or **incorrect data** can lead to misguided decisions with potentially **damaging effects on the company**: Incorrect investments due to faulty market analyses, overproduction or underproduction due to incorrect sales or demand data or inaccurate financial forecasts and failed marketing strategies can be the result.

## Manual data handling: Faulty and time-consuming

Manually compiling and editing data and key figures in particular can lead to **profound errors** and **manipulated data**. The spectrum ranges from simple typing errors to more complex errors such as the overwriting of data, inconsistent data entries or the loss of documentation. What's more, the manual editing processes are usually **extremely time-consuming**: By the time the data is updated and made available, it is often **outdated** again, only provides a **glimpse into the past** and should no longer be used for analyses or decisions, because: Manual processing **creates gaps** between what the data shows and the current state of affairs.

## Data visualisation & Automated reporting at the touch of a button

Most BI tools present data in **easy-to-understand graphs** and dashboards, which makes data interpretation easier. **Data visualisation** is a crucial element of data analysis: it brings complex data into a more accessible form, thus **improving** understanding and **data interpretation** and analysis. **Patterns, trends and insights** can be recognised more quickly and easily using diagrams, charts, tables or heat maps.

## The solution: BI tools for clean real-time data

Software solutions for business intelligence can analyse and display **daily or even real-time data**. This results in data that is optimally up-to-date and relevant - and enables companies to **recognise changes directly** and **react** to them at lightning speed.

**Trends, patterns and forecasts** are also visualised by BI tools and can contribute to well-founded, proactive decision-making. In addition to looking into the past and the present, the smart software solution also allows you to **look into the future** to a certain extent.

BI tools offer the data-driven company a **variety of functions** with which you can create a valid database. Through **automated data integration**, BI tools collect data from various sources and bring it into a **standardised format**. **Duplicates or inconsistencies** are also **detected** by the system, which significantly increases data quality.



The automation of data processing and reporting reduces **human error** and **massively improves data up-to-dateness** - no more typed Excel lists that have been created and edited by hand for weeks. **The result: a perfect overview and analysis of all relevant business data.** At the touch of a button.

## Intelligence for your business:

### The BI tools from ORDAT

Solutions for ORDAT.ERP and MS Dynamics

- ✓ Quick to integrate
- ✓ Clear dashboard & data visualisation
- ✓ Automated reporting

# Using data and key figures successfully: The challenges

Key figures create transparency and make knowledge available. However, the path to becoming a data-driven company with a suitable KPI strategy does not happen overnight; it is a **far-reaching and transformative process** that extends across various levels and is accompanied by a number of hurdles.



## Data collection and data quality

Data-driven companies continuously collect data from various sources. The biggest challenge here is data validity, as incomplete, inaccurate or erroneous data can lead to incorrect findings and wrong decisions.

**Expert tip:** Use ERP and BI tools that automatically collate data from different sources for you, remove duplicates and use standardised data formats. Validate your data to create a reliable database.

### Check data validity?

You can find out more about data validity on pages 9 and 11.



## Data analysis and decision-making

By analysing data and key figures, companies can gain patterns, trends and insights from large volumes of data. However, as the amount of data increases, so does the complexity of the analysis, which in turn can lead to uncertainty and "decision paralysis".

**Expert tip:** Use dashboard tools or BI platforms to visualise data in an understandable way. By training existing employees or hiring qualified data analysts, reliable reports can be created - for optimal "data-driven decision making".

**Tip:** With **business intelligence** tools, you always have an overview of all key figures: **Up-to-date, visualised and available at the click of a mouse.**

You can find out more about this topic on page 11.



## Technology and infrastructure

Tools for integrating, storing, analysing and visualising data are almost indispensable for a data-driven company. However, the development of an appropriate infrastructure must first be realised and is associated with costs and investments. Choosing the right solution is also a challenge for many companies.

**Expert tip:** A gradual investment in a cloud-based solution can reduce costs. Seek advice from industry specialists on suitable technologies.

### Advice, support and BI tools from the experts:

ORDAT supports you on your way to becoming a data-driven company and a customised KPI strategy.

More information on page 14.



## Data protection and confidentiality

With the increasing use of data, companies must ensure that strict data protection guidelines and laws are adhered to at all times and that user privacy is protected. Compliance requirements and protection against cyber attacks can be complex and require constant monitoring.

**Expert tip:** By hiring data protection experts or external consultants, you can ensure that all legal regulations are complied with. With various security and identification measures, firewalls, reliable authorisation management, regular security audits, etc., your IT specialists can ensure the necessary protection and important confidentiality



## Culture and mindset

A data-driven company often has a culture of lifelong learning and constant adaptation, which can be met with resistance from some employees or managers.

**Expert tip:** Establish clear communication about the benefits of a data-driven culture and involve your employees in the change process. Offer internal training and workshops for new technologies and data skills.



## Continuous improvement

Ongoing commitment from managers and teams is necessary to continuously improve and adapt data-driven practice.

**Expert tip:** Create a culture of continuous learning in which improvement is seen as an ongoing process rather than a one-off goal. Monitor technological developments and industry trends to stay up-to-date.

# Consultancy, support & BI tools from ORDAT

ORDAT is your competent partner when it comes to strategic data utilisation and key performance indicators. With our in-depth expertise in data analysis and strategic planning, we help you to align your business goals with clear, meaningful and relevant KPIs and support you in your transformation to a data-driven company.

Our approach is not only geared towards the **introduction of new KPIs**, but we also **review and optimise** your **existing KPI systems** to ensure that they meet your current and future business requirements. We scrutinise the data basis and delve deep into your business processes. **The result is a KPI system that you can really trust.** Our aim is to ensure that your KPIs are not only measurable, but also meaningful, target-orientated and strategically relevant.

In addition to our consulting services, we offer powerful **business intelligence solutions** that allow you to **efficiently collect, analyse and visualise** your **data in** order to make informed decisions. Our BI solutions are **intuitive and user-friendly** and **automate sophisticated data analyses**. ORDAT supports you in **integrating** these tools into your existing system and trains your team in their effective use. Our aim is to provide you with the best tools to optimise the use of your data and achieve your business goals.

## What our customers say:

” *ORDAT.ERP bi is a really powerful system that provides me with unadulterated transparency about the company.*”

(Dr Oberreiter, Managing Director BUZIL-WERK Wagner)

**buzil**

**Let's start your KPI project together and enable your company to make data-based decisions and optimise business results.**

**We will be happy to advise you, work with you to find the best solution for your business and accompany you on your path to intelligent data and key figure utilisation.**



### Your contact person:

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Phone: 0641 7941230



## Forward-looking ERP solutions for SMEs

ORDAT is one of the leading ERP providers for medium-sized companies in the manufacturing industry. The ERP expert and certified Microsoft partner develops high-performance, future-oriented ERP solutions that are tailored specifically to the business model and (industry) requirements of its customers.

ORDAT thus enables its customers to produce more efficiently, act more intelligently and quickly with relevant insights and sustainably increase their competitiveness.

In particular, companies in the automotive, electrical, metal and process industries as well as the medical technology and plastics processing industries benefit from the ERP specialist's in-depth industry and process expertise.

ORDAT is an important factor in the digital future of SMEs.





# Transforming Business into Future.

**For more information, visit ORDAT at:**  
[www.ordat.com](http://www.ordat.com)