



ASSET

Accounting for Sustainability,
Social and Environmental Transparency

Teaching Module 3

**Sustainability
Management Accounting**

List of KPIs

These are some examples of indicators you can use to design your balanced scorecard. Choose the ones you think are most suitable for measuring the achievement of the company's strategy. If you think it would be useful, you can also choose indicators not included in the list.

a. Financial perspective

<i>Revenue</i>	<ul style="list-style-type: none"> • % Increase in Turnover • % Market Share Increase (by regional areas, markets, customers, production line, etc...) • % Revenues from: <ul style="list-style-type: none"> ○ new customers ○ new geographical areas ○ new market niches ○ production lines or new products ○ new applications of existing products and/or services • Total revenues from other business units • Returns per: <ul style="list-style-type: none"> ○ customers ○ products and/or services ○ regional areas ○ distribution channels
<i>Investment strategy (ROI)</i>	<ul style="list-style-type: none"> • Efficiency in the use of working capital: <ul style="list-style-type: none"> ○ [Customer balance/Average daily sales]-> Days of sales in accounts receivable ○ [Supplier balance/Average daily purchase] --> Days of sales in accounts receivable ○ [PT balance/Average daily sales] --> Days of sales in Finished Goods Stocks ○ [MP balance/average daily purchase] --> Days of purchases in Raw Materials Stocks ○ [PST balance/Average daily sales] --> Days of sales in Semi-Finished Goods Stocks • Increase in the use of Fixed Assets • Level of reuse of Idle Assets • % Assets shared by different business units in the company • Profitability: <ul style="list-style-type: none"> ○ Financial --> [Net Profit/Equity]. ○ Economic --> [Gross Profit/Total Net Assets]. ○ of Sales --> [Net Profit/Turnover]. • of Investments --> [Gross Profit/Net Book Value of Investments].
<i>Productivity strategy (costs)</i>	<ul style="list-style-type: none"> • % Reduction of unit costs • % Reduction of operating, administrative, general expenses, etc. • Sales per employee • Sales per asset item • Profitability and efficiency of distribution channels (measure related to the efficiency of the supplier by e.g. having EDI which has its costs, etc).
<i>Optimising shareholder value</i>	<ul style="list-style-type: none"> • Cash Flows generated (Cash Flow) • Earnings per Share • Value Gap (as the sum of the 2 Gaps we indicated) <ul style="list-style-type: none"> ○ Expectation gap (difference between the expected cash flows and the cash flows recognised by the market). ○ Strategic gap (difference between the cash flows we would like to achieve and the actual forecasts)

b. Customer perspective

<i>Customer volume (market share and new customer acquisition)</i>	<ul style="list-style-type: none"> • Monthly sales growth • % Market Share Growth <ul style="list-style-type: none"> ○ at regional / local / zonal level ○ at market segment level ○ by type of clientele • % Revenues from new target market segments • % new customers / total customers • % new customer revenue • % new customers via promotional action • % income from new geographical areas • New prospects/potential customers per month • Number of qualified prospects • Number of monthly quotations/orders • Average purchase value • Average order value • Sales per representative • Sales by lead source • Incoming calls handled by representative • Outgoing calls handled by representative • Average annual sales volume per customer • Average monthly sales volume per customer • Achievement of monthly sales quota • Achievement of sales quota by the sales representative • Number of client accounts per account manager • Qualified leads per month
<i>Satisfaction (price)</i>	<ul style="list-style-type: none"> • Strategic price benchmarking • % discounts offered • Price developments
<i>Satisfaction (quality)</i>	<ul style="list-style-type: none"> • % Customer complaints • Level of service guarantee • % of incidences or defects, Product error rate • Level of personalised attention • % level of response to complaints • Number of incoming and outgoing calls and average call duration • Time of readiness and occupancy of each sales agent • Average response time and total percentage of calls • Value of returned goods and guarantees
<i>Loyalty (customer retention)</i>	<ul style="list-style-type: none"> • Customer loyalty: <ul style="list-style-type: none"> ○ Repurchase / Changes in the volume of activity ○ Intention to buy back or change in volume ○ Recommendations to other potential customers • % customers who buy after a significant price increase • Repeat purchase rate (Frequency) • Average customer retention time • Retention rate • Attrition rate
<i>Profitability per customer</i>	<ul style="list-style-type: none"> • % Revenue from orders • Price deviations • Gross margin analysis • Net profit and loss calculation • % of returned amounts by customer segment

- Profitability per customer and distribution channel
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	<ul style="list-style-type: none"> • Level of service costs associated with the product • Time allocated to non-closed operations • Averages for the valuation of commercial transactions • Revenue impact from the sales cycle • Resources spent on a non-paying customer • Resources spent on a paying customer • Cost per lead per channel • Cost of a new customer per channel • Lead-to-sales conversion rate • Average conversion time • Lead-to-close rate: all channels • Customer churn rate • Number of monthly sales demonstrations • Cost per lead generated • Cost per conversion • Cost per conversion per channel • Average conversion time
<i>Optimisation of delivery times</i>	<ul style="list-style-type: none"> • % Punctuality and guarantees in service fulfilment • % punctuality in product delivery • % of repairs carried out per temporary unit • % reduction in waiting times for technical assistance
<i>Online channel</i>	<ul style="list-style-type: none"> ☒ Number of abandoned shopping carts • Shopping cart abandonment rate • Monthly website traffic • Organic search traffic • Returning versus new visitors • Visits per channel • Average time on page • Website click-through rate • Pages per visit • Conversion rate for call-to-action content • Incoming links to the website • Organic search traffic • Number of unique keywords generating traffic • Keywords in the top 10 Search Engine Results Page • Increasing the rank of target keywords • Conversion rate per keyword • Page authority • Google PageRank • Volume of video content traffic • Paid advertising leads and conversions • Number of monthly PPC campaigns • Cost per Acquisition (CPA) and Cost per Conversion (CPC) • PPC advertising click-through rate • Social media traffic • Number of potential customers from social networks • Number of conversions from social media • Conversion rate for social media leads • Size of the managed audience • Participation rate • Social media mentions • ROI of social media • Quality of blog content • Number of monthly visits to the blog • Blog articles published this month • E-books published this month • Infographics published this month

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- ROI by content type
 - Web traffic from PR campaigns
 - Number of cuts
 - Public relations campaign calls
 - Media impressions of public relations campaigns
 - PR ROI
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c. Internal process perspective

<i>Innovation processes</i>	<ul style="list-style-type: none"> • % of new products and/or services that meet functional specifications from the outset • Precise timelines for the development of each of the new product lines • Development costs / Operational benefits --> generated by a new product over a period of time • Number of times a new product design is modified • Potential loss in sales due to time spent on new product generation • % of sales from new products • % of patented products • Pace of introduction of new products in relation to planning done • Gross margin from new products • % of new products relative to competitors
<i>Operational processes</i>	<ul style="list-style-type: none"> • Production Cycle Efficiency (Process Time/Production Cycle Time)² • Miscellaneous income: <ul style="list-style-type: none"> ○ % of waste ○ % use of Fixed Assets • % of processes subject to statistical process control • Number of customer complaints • Defect ratios • Returns from customers or internal phases • Cost of inspection activity • Waiting Time Analysis • Queue Time Analysis • Downtime Analysis
<i>Sales services</i>	<ul style="list-style-type: none"> • Cost of repairs • Response times • Helpdesk times • Percentage of direct customer service employees who have real-time information to carry out their work • % reduction of waiting times for the reception of the service offered by the company • Cost variance (planned budget vs. actual budget) • Planned working hours vs. actual situation • Project tasks overdue / deadlines missed • % of project tasks overdue
<i>Projects</i>	<ul style="list-style-type: none"> • Missing milestones • Percentage of projects completed on time • Percentage of cancelled projects • Percentage of projects within budget • Percentage of tasks completed • Use of project resources • Cost of process management • Number of suggestions / projects suggested by employees that have been implemented. • Process improvement rate.

² Production cycle time = setup time + process time + queue time + waiting time + idle time. This ratio would take a value of 1 in the case of a JIT organisation operating at optimal performance.

d. Learning and Growth perspective

Information technologies and systems	<ul style="list-style-type: none"> • Level of technological progress <ul style="list-style-type: none"> ○ IT posts / staff ○ No. of people trained in IT and IS ○ No. of people trained in IT and IS / workforce ○ No. of fully automated activities • Level of IT and IS Investment • Annual projects submitted in relation to IT and IS • Level of participation / satisfaction of users of the system • Percentage of processes providing real-time feedback.
Intranet - Strategic Network	<ul style="list-style-type: none"> • No. of intranet users / time unit • No. of work teams using the Intranet • % of organisation's information shared • Volume of information transiting on a daily basis • Quality of service perceived by internal Intranet users • Quality of service perceived by external users of the Intranet • Services offered / services used • % people with Internet access • Index of access to strategic information.
Strategic database ^s	<ul style="list-style-type: none"> • Structuring • Organisation • Accessibility • Usability
Quality systems and systems auditing	<ul style="list-style-type: none"> • Quality of the planning system • Number of incidents when using the system • Level of investment in systems auditing • Proportion of ISO certified systems
Intellectual property - systems software	<ul style="list-style-type: none"> • Design • Flexibility • Level of adaptation to real needs • Technical efficiency • Productivity of IT and IS staff • No. of technological innovation projects
Organisational climate	<ul style="list-style-type: none"> • Level of dysfunctionality • Employee satisfaction • Levels of dependency / independence • Level of staff productivity • Labour efficiency • No. of dropouts (external rotation) • % of employees who rate the working environment positively
Incentives and remuneration	<ul style="list-style-type: none"> • Incentives / Staff costs • Incentive amount / No. of employees • No. of awards-recognitions per year • Annual wage growth rate • Flexibility in remuneration • Increases in written premiums • Internally contracted pension schemes • Wage competitiveness index
Motivation - Training-Awareness-raising	<ul style="list-style-type: none"> • Overall satisfaction level • Level of satisfaction with training • Gross training investment • Investment in training / number of promotions

<i>Profiles - Tasks - Delegation</i>	<ul style="list-style-type: none"> • Investment in training / Staff costs • Number of suggestions for organisational improvements • Average number of training hours per employee per year • Average rate of implementation of training in the profile held • % persons with variable remuneration • Unwanted external rotation • People awarded for their suggestions • Usefulness of training • % training actions per employee • Absence hours • Average age of staff • Average length of service • Level of delegation in positions of responsibility • Workforce with higher education / total workforce • Level of satisfaction in the employee-boss relationship • No. of workers / No. of potential jobs • No. of managerial employees
<i>Team building - human capital</i>	<ul style="list-style-type: none"> • Number of people participating in improvement teams • Number of teams created per year • Number of internal trainers • % male/female diversity • % of staff teleworking as part of a team
<i>Strategic alliances (with suppliers and others)</i>	<ul style="list-style-type: none"> • Supplier satisfaction index • No. of strategic suppliers / No. of suppliers • No. of incidents per year and provider • Level of strategic supplier turnover • Degree of compliance with the partnership • Supplier performance • JIT levels in delivery and in production • Joint investment in R&D and technology
<i>Composition and organisational structure</i>	<ul style="list-style-type: none"> • No. of departmental areas / staff • No. of management positions / no. of departments • No. of new profiles-posts created annually • Degree of geographical decentralisation
<i>Planning processes</i>	<ul style="list-style-type: none"> • Level of compliance with planning steps • No. of optimally developed stages • No. of people involved in the process

e. Environmental indicators

<i>Energy efficiency and emissions</i>	<ul style="list-style-type: none"> • Direct energy consumption. • Water consumption in cubic metres • Electricity Consumption • Natural Gas Consumption • Scope 1 pollutant emissions: Greenhouse gas emissions from energy consumption that are owned or controlled by the organisation. • Scope 2 pollutant emissions: Greenhouse gas emissions that are a consequence of the company's activities, but occur at sources owned or controlled by another company. includes emissions from energy purchased or acquired and consumed by the company. • Emissions from transport and distribution in upstream activities (Scope 3): Total emissions generated by the transportation and distribution of purchased products in the reporting year between a company's Tier 1 suppliers and its own operations in vehicles not owned and operated by the reporting company (including multi-modal shipment) where multiple carriers are involved in the delivery of a product, but excluding fuel and energy products). • Emissions from transport and distribution in downstream activities (Scope 3): Total emissions that occur from the transportation and distribution of products sold in vehicles and facilities that are not owned or controlled by the company.
<i>Waste management efficiency</i>	<ul style="list-style-type: none"> • Waste generation: tonnes of hazardous and non-hazardous waste generated • Managed waste: Waste managed out of total waste generated. • Reused waste: Waste that has been reused.

f. Social indicators

<i>Human capital</i>	<ul style="list-style-type: none"> • Gender diversity in senior management • Job stability • Right to parental/maternal leave • Employees with disabilities • Employees engaged in work activities considered high-risk • Absenteeism • Employees who voluntarily leave the entity • Net job creation • Years of tenure of employees in the entity • Training received by employees • Percentage of employees covered by collective bargaining agreements • Gallup Global Well-Being Index.
<i>Social capital</i>	<ul style="list-style-type: none"> • Incidents of non-compliance with legal regulations in relation to customers • Incidents with suppliers • Average supplier payment period
<i>Human rights, anti-corruption and bribery</i>	<ul style="list-style-type: none"> • Number of incidents concerning respect for Human Rights as a consequence of the company's actions. • Actions in defence of respect for human rights: initiatives implemented to mitigate any negative effects on human rights that the company may have caused. • Anti-corruption and anti-bribery training provided to employees • Incidents and allegations of corruption and bribery irregularities • Anti-corruption and anti-bribery initiatives

g. Corporate governance indicators

*Good
governance*

- Members of the Board of Directors of the independent type
 - Independent directors with specific responsibility for CSR
 - Directors with specific responsibility for the entity's strategy
 - Directors with specific responsibility for economic and financial control
 - Directors with specific responsibility for the composition of the Council
 - Directors' remuneration
 - Gender diversity in the Council: Women members of the Council
 - Corruption and bribery: Corruption and bribery cases in the Council
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Sources:

- (i) Alfonso López-Viñegla (<https://ciberconta.unizar.es/leccion/bsc/>);
- (ii) AECA Model of integrated information for the preparation of the Statement of Non-Financial Information (https://is.aeca.es/wp-content/uploads/resources/GuiaModeloAECA_Estado_No_Financiero.pdf);
- (iii) <https://www.scoro.com/blog/key-performance-indicators-examples/>.