Creating KPIs in Fathom

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

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’.
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
Creating a Custom KPI

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

\[
\left( \frac{\text{Wages & Salaries}}{\text{Total Revenue}} \right) \times 100
\]
Example 2

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

Revenue per Employee = $\frac{\text{Revenue}}{\text{Number of Employees}}$
Example 3

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

\[
\text{Net Income Growth \%} = \left( \frac{\text{Net Income} - \text{Net Income}_{\text{Prior Period}}}{\text{Net Income}_{\text{Prior Period}}} \right) \times 100
\]
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 =**

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

\[
\left( \frac{\text{Revenue from Dept. A} + \text{Revenue from Dept. B}}{\text{Total Revenue}} \right) \times 100
\]
Example 6

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

**Accounts Receivable Days**

\[
\left( \frac{\text{Accounts Receivable} \times \text{Period Length}}{\text{Revenue}} \right)
\]

Select a variable to include in the formula: Find a variable...

The accounts shown below are from Lutebox Agency. Select a different company.

- **A**
  - Adjustments
  - Adjustments

- **C**
  - Cash Tax Paid
  - COS Goods

- **D**
  - Depreciation
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.