

## KEY INDICATORS OF EFFICIENT FINANCIAL ACTIVITY OF THE ORGANIZATION

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**Key words:** Efficient business management; measurement and optimization of activity of the organization; Balanced Scorecard » (BSC, the balanced system of indicators (SSP)); a financial projection of the SSP; key indicators of KPI efficiency (Key Performance Indicator); key indicators of efficient financial activity; strategic priorities of development of the organization in a financial projection; the purposes of the organization on realization of strategic priorities of a financial projection; the key indicators responsible for achievement of the purposes of the organization; a context of interpretation KPI; initiatives of support realization of KPI.

There are the universal list of key indicators of efficient financial activity of the organization application of what will allow it to optimize its activity.

In conditions of swift economic development it is a complicated object of business management to achieve of most integration of strategy and operational planning in front of heads of organization. For this purpose there is a set of methodical and practical recommendations. One of such management techniques is the concept "Balanced Scorecard" (BSC, the balanced system of indicators (SSP)), which was borrowed from western scientists and became popular in our country.

"Balanced Scorecard" is system that combines traditional financial measurements of activity of the companies with nonfinancial. Such an approach provides managers with more objective information about processes which they operate. Vokina E.B. remarks in an article: the SSP is a set of the indicators describing the various sides of activity of the organization. All used indicators within this system are interconnected between themselves. Supervising dynamics of indicators it is possible to estimate movement of the enterprise in a direction of the general strategy of development. Distinctive feature of the SSP is its structural approach to set of indicators of business management on means of their balance<sup>1</sup>. The SSP suggests (though does not impose restrictions) to consider activity of the organization in four projections: a projection of a financial component; a projection of a client component; a projection of business - processes; a projection of personnel potential.

Set of a financial projection of the organization is obviously possible with the help of the modern tool of management - KPI (Key Per-

formance Indicator). These are the key indicators of efficiency that reflects the strategic purposes of the organization and provide their persistent achievement.

Our article will be devoted to consideration of key indicators of efficient financial activity of the organization and sequence of their formation. For presentation of reflection of key financial indicators and their roles in realization of the strategic purposes of the organization we suggest using the table including the following information: strategic priorities of development the organization; the purposes with which help the strategy to be realized; the indicators reflecting the quantitative side of the established purposes; calculation of indicators; possible variants of their normative value and initiative of achievement of the purposes (look at table).

The management of the organization defines the most important directions of development in process of short-term and long-term strategy of the organization, and there are following strategic priorities of development of the organization: increase of incomes, reduction of expenses, financial regulation. Further action is the transfer strategy to a set of specific goals. It is known, that the purposes should correspond to the following criteria: they should be both concrete and measurable; achievable and coordinated; realistic, but demanding serious efforts; it should be easily tracked in time.

The balanced system of indicators is the best mechanism of realization of the established purposes subject to this criteria, therefore definition of the key indicators responsible for realization of objects in view, is very important.

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Depending on the established strategic purposes of organization, the KPI of financial aspect can be different, the most important of them are presented in table.

There are some useful recommendations for development and introduction of KPI for system of balanced indicators on site <http://www.softprom.ru>. In particular it is remarked, that KPI indicators should be clear to employees. They should know what and how it is measured and, what is more important, what they should (and should not do) to achieve favorable values KPI. It means that it isn't enough to publish KPI values - it is necessary to teach the staff to guarantee that they understand and operate according to the accepted strategy. In other words communication and discussion are very important. To construct the KPI working system the organization ought to establish standards of measurements. In spite of the fact that it can seem a simple task, practice shows, that months, and sometimes years pass from different understanding to general understanding. The top management, participating in these processes, can reduce essentially time of coordination and help the organization to overcome the political disagreements connected to standardization of definitions KPI. Besides the majority of industries already have the common glossary of indicators to measure the future success<sup>2</sup>.

Also it is necessary to note, that indicators should have target values - original standards

ie. values to which it is necessary to aspire. But sometimes with KPI it is impossible to reflect in numbers, therefore the context of KPI interpretation is provided: ranges (good, bad, satisfactory, dangerous) of efficient work; corresponding to the purposes (that is, for example, indicators of predetermination of the profit, type 10 of %-s' new clients every quarter); reference comparisons which can be based, for example on the best sectoral achievements, or methodology such as Shesty Sygm; Demonstration of trends and tendencies (static, falling, growth).

Finally, supply of achievement of KPI established values should be provided due to carrying out corresponding actions of which the process of realization should be periodically traced and taken into account at decision-making on introduction of the plan of adjusting actions.

From what has been mentioned above it follows that the organization can have hundreds, even thousand of indicators, while KPI has only tens. These indicators are concentrated on key actions of the organization and allow us to measure and optimize activity of all organization constantly.

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<sup>1</sup> *Vokina E.B.* Managerial accounting in companies providing lising service // *Vestnik of Samara State University of Economics*, 2007. № 10 (36). P. 30.

<sup>2</sup> See.: <http://www.softprom.ru>.