

Navigating Wall Street's Metrics:

Selecting the Right KPIs for Public Companies



You're about to embark on an exciting journey to take your company public. With strong fundamentals and a clear growth trajectory, your company appears well-positioned. But is your company successful in the eyes of Wall Street? What does success mean?

The ability to effectively tell your company's story, demonstrate its overall health, and present financial performance in quantifiable ways that resonate with investors and analysts is critical for their evaluation of your growth and profitability potential, and ultimately if investment in your company would be sound. This is where Key Performance Indicators (KPIs) play a pivotal role. These metrics are not just figures on paper; they are the metrics by which your company's potential for growth and profitability is assessed by the investing public.

One size does not fit all when it comes to KPIs; they must be carefully tailored to align with your company's unique business objectives and reflect the specific context of your industry. Even within similar sectors, KPIs can vary significantly. So, how do you begin the process of choosing external KPIs that truly mirror your company's performance and resonate with investors?

Understand Your Business Objectives and Success Factors:

To effectively choose relevant KPIs, begin by clarifying your company's strategic goals and objectives. Identify key areas where your company aims to drive growth, enhance operational efficiency, or achieve other specific outcomes. These business objectives will serve as guiding principles in the selection of pertinent KPIs. Critical success factors may differ depending on your industry, but they often include financial performance, customer satisfaction, operational efficiency, employee productivity, and market share. Identify specific metrics that align with each critical success factor to provide tangible insights into your company's performance and progress toward strategic goals.

Review Industry Standards and Benchmarks:

Research industry standards and benchmarks to gain insights into commonly used KPIs within your sector. Comparability is quite important to the street – though companies looking to explore the public arena often struggle to compare their differentiated business to an established company, investors and analysts will do exactly this. While direct comparisons between unique businesses may be challenging, investors and analysts seek comparability when evaluating potential investments, and understanding how your company measures up to industry standards will enhance your market positioning.



Prioritize KPIs:

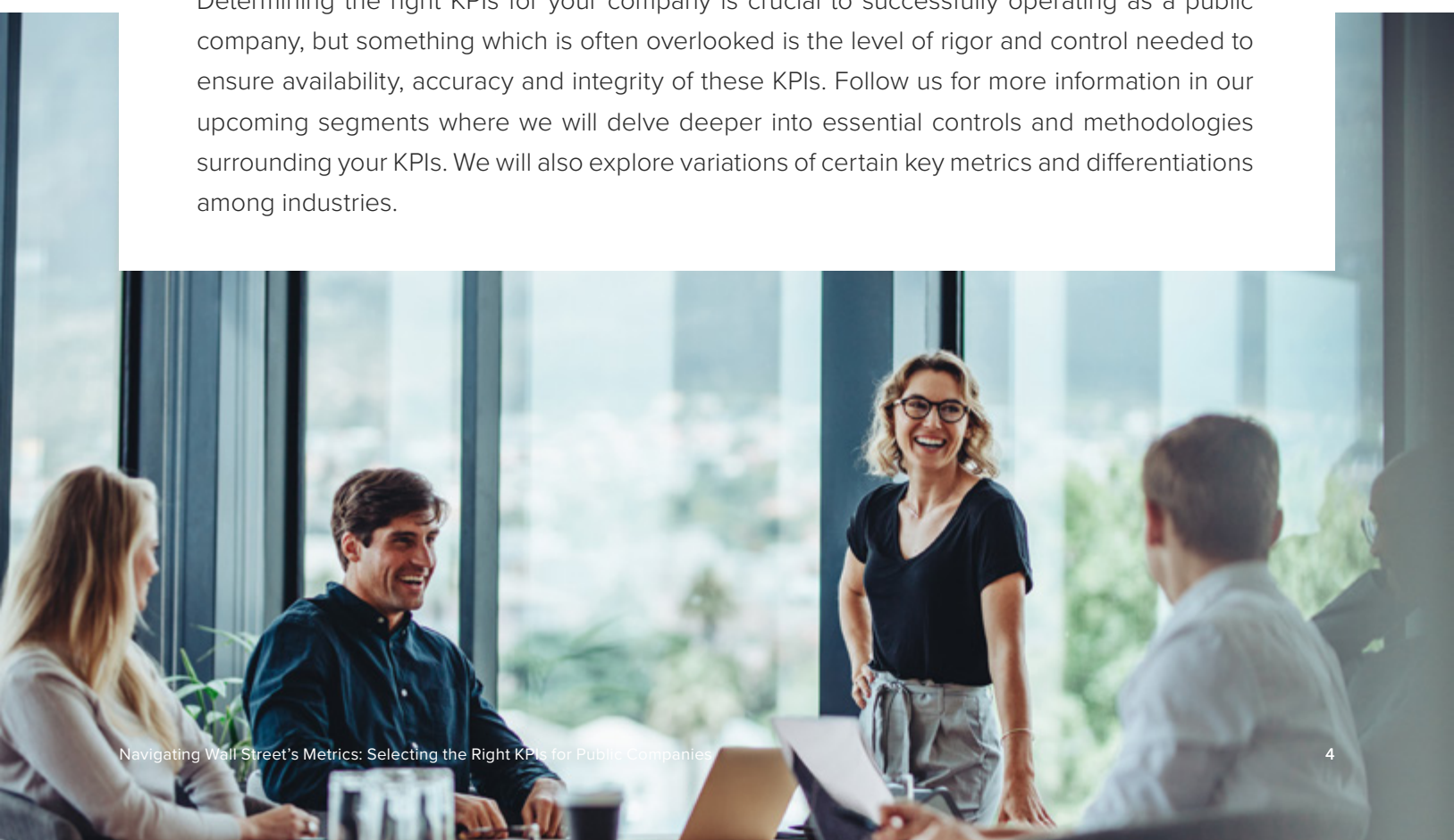
Remember, selecting KPIs is a brainstorming activity with associated benefits and challenges for each KPI. Evaluate a comprehensive list of potential KPIs based on their relevance to your company's objectives, alignment with strategic goals, and measurability. By addressing the other considerations mentioned earlier, you can prioritize the KPIs that have the most significant impact on your company's success and are best aligned with your strategic direction.

Consult with experts:

Ultimately, the bankers you select to market your company will help to determine where your company is best positioned, including guidance on key metrics. Collaborating with bankers as well as key internal executives will help ensure that you consider a range of perspectives and capture a comprehensive view of your company's performance.

Selecting the right KPIs is an ongoing, dynamic process that evolves as your company grows and changes. Regularly revisit and refine your KPIs to ensure they remain aligned with your business objectives and provide meaningful insights to drive success.

Determining the right KPIs for your company is crucial to successfully operating as a public company, but something which is often overlooked is the level of rigor and control needed to ensure availability, accuracy and integrity of these KPIs. Follow us for more information in our upcoming segments where we will delve deeper into essential controls and methodologies surrounding your KPIs. We will also explore variations of certain key metrics and differentiations among industries.



At Connor Group, we are dedicated to helping financial executives navigate the complexities of transitioning to a public company. Our expertise lies in building the right processes to support KPI and Non-GAAP metric reporting, defining strategies, and implementing processes, including automation, to ensure quality data on a timely basis. For more information and personalized assistance, please contact Jordan Teitelbaum and Jo Lynch.



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About Connor Group

Connor Group is a specialized professional services firm of Big 4 alumni and industry executives. Our team of highly experienced professionals helps financial and operation executives with their most complex and significant matters, including digital solutions, financial accounting and operations, IPO and M&A services, and managed services. Our clients are the world's top growth companies, and we support them as they change the world and create new markets!

Our client portfolio includes multi-billion-dollar public, mid-cap public, and pre-IPO companies ranging from early stage to late stage. Our global clients represent the most exciting industries including high tech, Internet, social networking, gaming, software, ad tech, cleantech, life sciences, financial services, consumer products, life sciences, and manufacturing.

Our goal at Connor Group is to be the most respected firm across our service lines by delivering the highest quality services to our clients. We are hired by executives who understand the importance of leveraging their time as well as having a partner that can successfully execute their finance and accounting, IT, and operational needs.

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