

A Guide to Public Market Key Performance Indicators (KPIs) for Finance Executives

A business guide for pre-IPO companies



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As a finance executive leading your company toward a public offering, you understand the importance of conveying your company's story and financial health to potential investors. Key Performance Indicators (KPIs) serve as the backbone of this communication, providing quantifiable metrics that demonstrate growth and profitability potential. In this guide, we'll explore the essential steps in selecting, managing, and leveraging KPIs tailored to your company's unique objectives, industry standards, and investor expectations.

Understanding the Foundations of KPI Selection

1. Clarify Your Business Objectives and Success Factors

To begin, align your KPIs with your company's strategic goals and objectives. Identify key areas of focus such as financial performance, customer satisfaction, operational efficiency, employee productivity, and market share. These critical success factors will guide you in selecting relevant metrics that provide tangible insights into your company's progress.

2. Review Industry Standards and Benchmarks

Once aligned on strategic goals and objectives, research industry standards and benchmarks to gain insights into commonly used KPIs within your sector. Understanding how your company measures up to industry standards will enhance your market positioning and facilitate comparability for investors and analysts.

3. Prioritize KPIs

Evaluate potential KPIs based on their relevance to your company's objectives, alignment with strategic goals, and measurability. Prioritize the KPIs that have the most significant impact on your company's success and strategic direction.

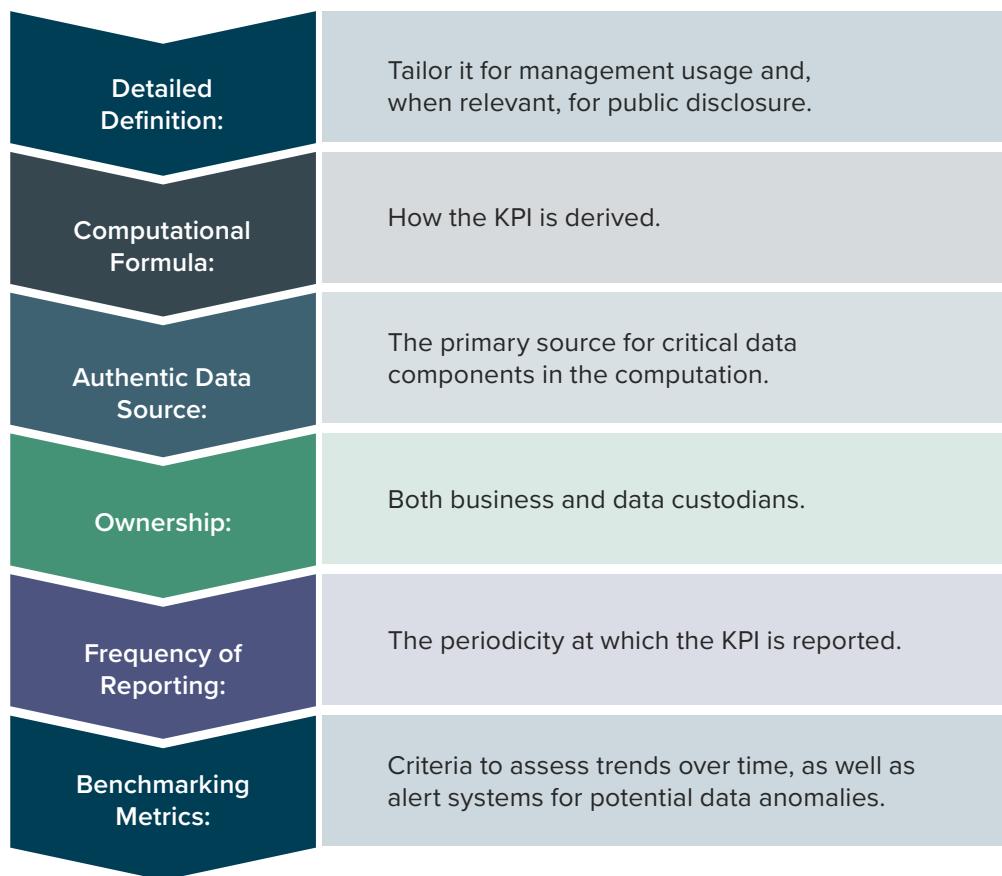
4. Consult with Experts

Collaborate with bankers and key internal executives to ensure a comprehensive view of your company's performance. Bankers can provide valuable guidance on key metrics and market positioning, helping you make informed decisions.

Building and Managing Your KPIs Effectively

1. Creating a Blueprint – Your KPI Library

Establish a robust KPI Library that outlines detailed definitions, computational formulas, data sources, ownership, reporting frequencies, and benchmarking metrics for each KPI. This ensures consistency and reliability across all business segments and temporal dimensions.



2. Ensuring Data Quality and Integrity

Maintain the integrity of your KPI data by implementing robust data governance practices. Utilize a data dictionary to provide clear definitions for each metric and employ ongoing data validation mechanisms to vouch for the accuracy and quality of your data inputs.

3. Harnessing KPIs for Proactive Business Management

Go beyond numerical reporting and use KPIs as proactive tools for business management. Establish designated thresholds for KPIs to prompt in-depth analysis and actions by business leaders. Leverage data-centric strategies to mitigate risks and seize opportunities, driving continued growth and success.

Tailoring KPIs to Industry-Specific Contexts

Deciphering Key Performance Indicators (KPIs) in the Software Industry

In the competitive landscape of the software industry, effective KPIs play a crucial role in communicating long-term viability and growth potential to investors. User-centric metrics and recurring revenue models are particularly significant in this industry, reflecting the focus on user engagement and revenue generation.

Unleashing the Power of KPIs: Your Call to Action

As you embark on your IPO journey, leverage the power of KPIs to showcase your company's unique strengths and growth trajectory. Tailor your KPIs to align with your business model, industry standards, and investor expectations, effectively communicating your company's story to potential investors.

How Connor Group Can Help

At Connor Group, we specialize in assisting financial executives navigate the complexities of transitioning to a public company. Led by experts such as Jordan Teitelbaum, Jo Lynch, Lauren Bowe, and more, our services encompass strategic advisory, design, implementation, and customization of processes to support KPI and non-GAAP metric reporting. With a proven track record of assisting over 240 companies through their IPOs, we provide personalized assistance and expertise to help you succeed in the public arena. Contact us today for tailored support and guidance on your IPO journey.

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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.