Lesson 3 Define and display Key performance Indicators.

Business of all sizes can evaluate their results by using measures, which summarize overall business performance by summarizing operation data. The next step is this analysis is to compare results from a specific part of the business whether for a department or for the entire company's overall performance for a month to determine whether the company is meeting its goals.

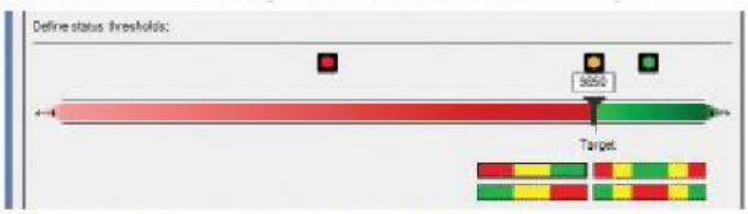
One popular way to measure business performance is by using key Performance Indicators **(KPIs).** A *KPI* is a measure that the company's officials have determined reflects the underlying health and efficiency of the organization. A shipping company might set goals for maintaining a low level of package handling errors, or a charitable organisation could set a goal for returning as much of the donation income as possible to their clients through service and direct support.

KPI's are most often implemented through a dashboard that summarizes organisational performance. In Excel you add KPI to your workbooks by creating Pivot tables based on data stored in the Data Model.

Row Labels	Sum of SuccessRate	Average of SuccessRate Status
2011	118713	
April	9892	
August	9821	
December	9952	
February	9868	
January	9927	
July	9942	
June	9880	
March	9945	
May	9689	
November	9938	
October	9951	
September	9908	

A PivotTable that includes a Key Performance Indicator created in Power Pivot

In some cases, high values are good, whereas in other cases low values are preferred. Both reducing package handling errors and maximizing operating profits would represent success for a shipping company for example . A manufacturing firm might want to reduce value in the items they fabricate for their customers. In that case, variance from the target value in either direction, high or low would indicate a fault in the process.



Select the pattern used to evaluate data in a Key Performance Indicator

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After you create a KPI, you can edit or delete it as required to meet your organisation's needs.

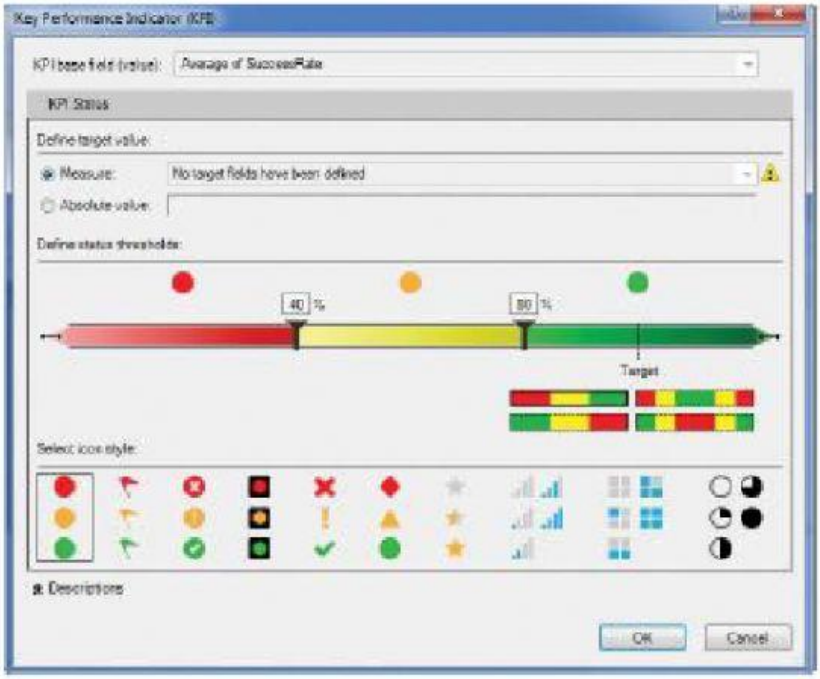
To create a KPI

1. Open a workbook in which you have added at least one measure to the **Data Model.**
2. If necessary, in **Power Pivot,** on the **Home** tab, in the **View** group, click the **Calculation Area** button to display the **Calculation** Area of the grid.
3. In the **Calculation Area**, right-click the cell that measure you want to use as the basis for your KPI, and then click **Create KPI.**
4. In the **Key Performance Indicator (KPI) dialog** box, click **Measure** and select the measure to use as the comparison for the KPI.

Or

Click **Absolute Value** and enter the target value in the box to the right of the label.

5. In the **Target** group, click the pattern that represents the distribution of good neutral, and bad values in the data set.



Create Key Performance Indicators to summarize your organization's performance

6. In the **Define status threshold** area, drag the sliders to indicate where the bad neutral and good zones start.

Or

Click in the box above a slider and enter a value that defines where the zone starts.

7. Click the icon set you want to apply to the KPI.
8. Click **OK**.

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To use a KPI in a Pivot Table.

1. On the data tab, in the Data Tools group, click manage **Data Model**.
2. In the **Power Pivot** for excel window, on the **Home** tab, click **PivotTable**.
3. In the create **Pivot Table** dialog box, click New **Worksheet**, and then click **OK**.
4. If necessary. In the **Pivot Table Fields** task pane, click the name of the **Excel** table that contains your data.
5. Add fields to the **Rows and Columns** areas to organize your data and then add the field that contains the data to the **Values** area.
6. At the bottom of the field list, expand the field name of the measure you used to create your KPI.
7. Drag the **Status** field to the **Values** area.

To edit a KPI

1. Open a workbook in which you have added at least one KPI to the **Data Model.**
2. If necessary, in **Power Pivot**, on the Home tab, in the View group, click the **Calculation Area** button to display the **Calculation Area** of the grid.
3. In the **Calculation Area**, right-click the cell that contains the measure you are using as the basis for your KPI, and then click **Edit KPI Settings.**
4. Use the controls in the **Key Performance Indicator(KPI)** dialog box to change the **KPI settings.**
5. Click **OK.**

To delete a KPI

1. Open a workbook in which you have added at least one KPI to the **Data Model**.
2. If necessary, display the **Calculations Area** of the grid.
3. In the **Calculations Area**, right-click the cell that contains the measure you are using in the basis for your KPI, and then click **Delete KPI**.
4. In the **Confirm** dialog box, click **Delete from Model.**

Questions.

1. What is the abbreviation KPI?

2. Explain how you create an KPI.

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3. **How do you edit and delete a KPI?**

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