

INDICATORS

Operational Productivity

Operating performance measures results in relation to the assets used to achieve those results. The determination of operating performance focuses on the degree to which assets are converted into profits and the efficiency with which resources are used to generate income.



what are the associated indicators of Operational Productivity?



Turnover from Tangible Fixed Assets

It calculates the efficiency with which a company produces sales from its tangible fixed assets, which consist of land, buildings, factories, furniture and equipment.

In almost all circumstances, higher fixed asset turnover leads to higher efficiency and profitability for the company.



Asset Turnover

The asset turnover ratio can often be used as an indicator of how efficiently a company uses its assets to generate income. These include cash, short-term investments, inventory, accounts receivable and long-term investments.

Asset turnover ratios are linked to the sector. For example, in an asset-intensive sector, such as commodity extraction, one would expect a lower asset turnover, while in a sector with many sales and few assets, such as retail, one would expect a higher asset turnover.