Business Metrics

Name

Course

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Tutor

Date

**For your own organization (EuroDisney), give three examples of key performance indicators (KPIs) and how they are measured that are forward looking and more predictive.**

EuroDisney uses three key performance indicators. These are the profits and loss, cash flow statements, and also the balance sheet. The profit and loss account calculates or measures the profits or losses made by the firm based on the activities performed by the firm. If the firm makes profits, then it is performing well. However, if losses are made, the firm is said to be performing poorly. Therefore, this indicates the performance of the firm (Parmenter, 2010). The cash flow statement indicates the performance of the firm by giving a report on the amount generated from the various activities performed by the firm. For example in the case of EuroDisney, the cash flow statement gives an account of all the amounts generated from dining activities, entertainment activities and also from other investments. The balance sheet indicates the status of the firm’s liabilities and assets. It shows whether the firm has a lot of debts and liabilities compared to the assets, and if this happens, the performance of the firm is often questionable. Therefore, the firm is advised by financial experts to take a different direction to avoid many debts and to ensure that the liabilities are not more than the assets (Marr, 2012).

**What aspect of the value chain are they measuring?**

The cash flow statement, balance sheet and the income statement measure the same thing: the financial aspect of the value chain. The income statement measures the efficiency of the value chain in terms of the profits gained or the losses suffered. The balance sheet accounts for the assets and liabilities of the members of the value chain. The cash flow statement explains the distribution of cash in the supply chain from the various activities by suppliers, distributors and manufacturers of EuroDisney (Parmenter, 2010).

**How do these measures tie to specific strategies in your business unit?**

The income statement ties to the differentiation strategy of the firm as through this strategy, the firm has been able to make a lot of sales which have led to profits measured through the income statement. It also ties to the pricing strategy of the firm as EuroDisney charges different prices to different customers through price discrimination method and this makes it get more profits as it caters for the entertainment needs of both the high and low income earners. This is also measured through the income statement.

References

Marr, B. (2012). *Key performance indicators: The 75 measures every manager needs to know*. Harlow, England: Pearson Financial Times Pub.

Parmenter, D. (2010). *Key performance indicators: Developing, implementing, and using winning KPIs*. Hoboken, N.J: John Wiley & Sons.