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**FASHION and LUXURY SECTOR WICI-KPIs**  
**proposed by WICI Europe**  
**in collaboration with NIBR–WICI Italy & EFFAS KPIs Task Force**

The objective of this project is to identify standard KPIs in the Fashion and Luxury industries. The distinctions between fashion and luxury are sometimes blurred. However there are three essential differences:

1. The relationship to time is radically different between fashion (ephemeral) and luxury (eternal)
2. Fashion does not convey the dream required to belong to the world of luxury
3. Fashion targets a potential mass market

The starting point for the identification of KPIs for the Fashion and Luxury sector is the model sketched below (see Figure 1), which shows how intangibles are linked to the value creation process. To achieve this objective, it is necessary to:

- define the processes of the Fashion and Luxury industries;
- determine the elements of these processes that can be monitored and measured to achieve better results in terms of brand value creation.

The top section of the proposed model presents the ideal-typical value chain for companies operating in the Fashion and Luxury sector, whilst the left-side of the model highlights the six core competencies which are “*critical success factors*” across the Intellectual Capital categories.

The inner part of the model presents the main relationships between the core competencies / critical factors and the value chain activities explained in a five schema process.

**1. *Brand Management process*** (Figure 2.1)

Brand Management is one of the most important processes in the Fashion & Luxury sector, since it is responsible for the promotion of a specific product, product line, or brand. Specifically brand management deals with the conception, planning and promotion of new lines/products in order to increase the brand’s position within its relevant market and enhance consumer beliefs and attitudes towards it.

**2. *Style / Design process*** (Figure 2.2)

The Style / Design process is one of the most important elements of a fashion or luxury company. Designers have to stimulate customers to buy new products while conveying an ideal image incorporated in the brand.

Designers or their fashion scouts travel the world looking for new trends to use as inspiration.

The Style / Design process is one of the most capital intensive elements in a luxury company. For this reason, it is important to rationalize designer creativity art with operating costs.

It can be realized internally or externally to the firm.

**3. *Production process*** (Figure 2.3)

The development of prototypes and the production process are the art of transforming designs into finished goods and finding appropriate raw materials for the shaping of the designer's creation.

The people working in this office are among a company's most important human capital, come from a design and production background and have multidisciplinary skills.

**4. *Distribution process*** (Figure 2.4)

Distribution is the art of selling goods, messages and images/fantasies of a brand:

a) Direct Operation Stores (DOS)

Direct distribution is the most capital intensive distribution channel but also the most efficient method for creating the best relationship between brands and customers

b) Flagship stores function as advertising costs and/or investments for Luxury companies

c) Sales staff

Sales staff must be trained to win the loyalty of customers and guarantee that both direct distribution and after-sales services are in line with the brand's intrinsic value.

Human capital must be the embodiment of the brand concept and prestige and communicate them both to customers entering the "temple" of the brand.

d) Customer List

Customized relationship with clients is a significant key success point for Luxury and Fashion companies

**5. *Services partnering*** (Figure 2.5)

The services partnering includes three main departments: Human Resources (HR), Information Technology (IT), and Administration, Finance and Control (AFC).

a) Human Resources generally refers directly to the CEO and, only for the administrative aspects, to the AFC department. Specifically, HR's activities are usually concerned with recruitment, employee selection and evaluation, payroll processes, skills development and tracking, training, maintaining personnel records, benefits, and managing the performance record.

b) Administration, Finance and Control (AFC) is responsible for planning and control of operations, accounting processes, tax obligations, financial and administrative controls, and business analysis activities.

c) The Information Technology (IT) is cross-functional to the other processes in the organization and generally refers to AFC. The IT department is responsible for storing, protecting, processing, transmitting and retrieving information.

The model matches the proposal of the WICI concept paper (see its sections 4 and 5) and as the model illustrates, not all the critical factors have the same degree of importance in the value chain.

Disclosure of too many KPIs is problematic, because it distorts and undermines the strategic and substantive significance / implication of each KPI, while potentially misleading users. Therefore, every company should choose a certain number of real 'key' indicators for its own value creation mechanism. On the other hand, WICI-KPIs,

which include a wide-range of indicators for companies to choose from, recognizing that what is relevant for one company to disclose may be very different for another company (see Table 1).

The strength of the model lies in its ability to display the critical areas to be investigated and measured through the proposed KPIs along the entire Fashion and Luxury sector value chain.

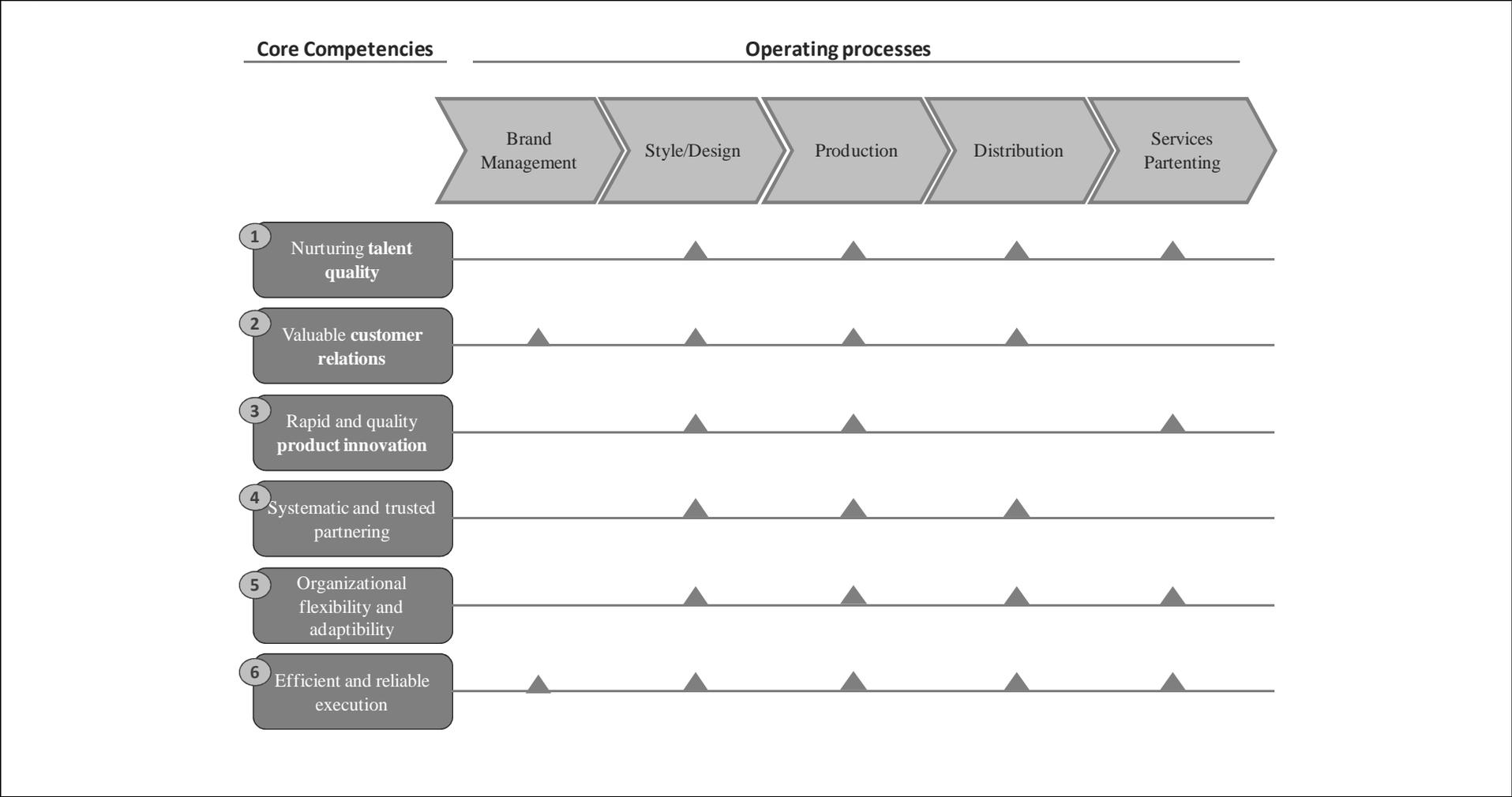
The basic premise is that a certain activity in the value chain is contingent upon a specific set of core competencies / capabilities, which in turn is driven by a pool of intangibles, each of which (as not measurable *per se*) is approximated in terms of measurement by a certain number of KPIs.

In this way, different perspectives of analysis can be provided, since each KPI can be diversely weighted in a company's analysis depending on the KPI's importance in that company's value chain.

For each of the IC-linked core competencies / critical success factors in the Fashion and Luxury industry a list of KPIs is identified (see Figure 3 below).

In Table 1, the same list of WICI-KPIs is proposed in a different format and with a deeper level of detail and information. In particular, Table 1 distinguishes the WICI-KPIs for Fashion and Luxury between those that are strongly recommended ("Must have") and those that are simply suggested ("Nice to have"). In this Table, each KPI is also connected to one of the six critical success factors ("Focus"), to the related Intellectual Capital area (e.g. Human Capital, Organisational Capital and Relational Capital), and to the company process / activity it refers to. Table 1 provides also some indications on the formula to utilize for the calculation of each WICI-KPI ("KPIs formula") as well as on the characteristics of the measurement unit (e.g. number, percentage, value, trend, etc.) ("KPIs features").

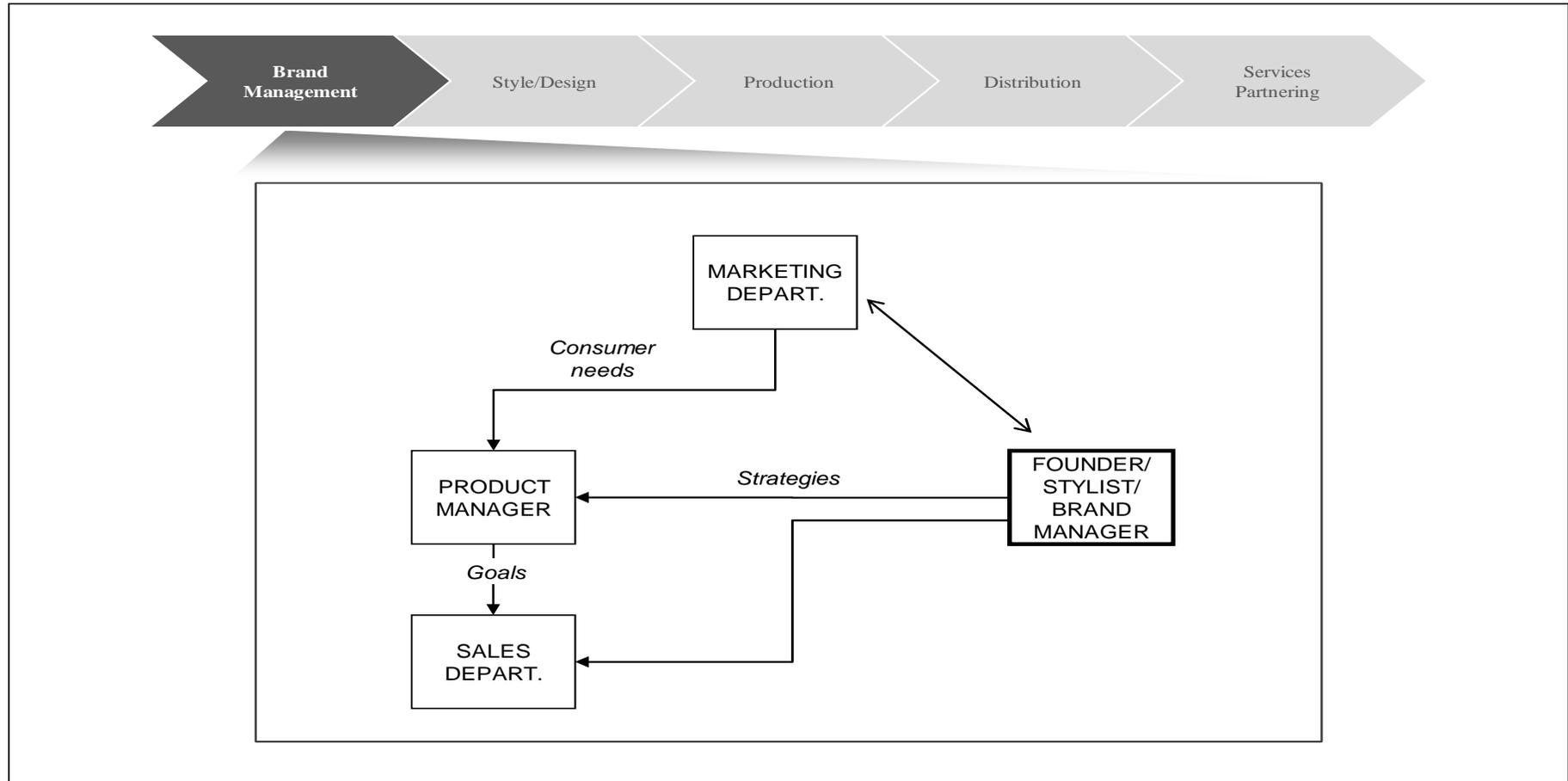
**Figure 1. Process Scheme<sup>1</sup>**



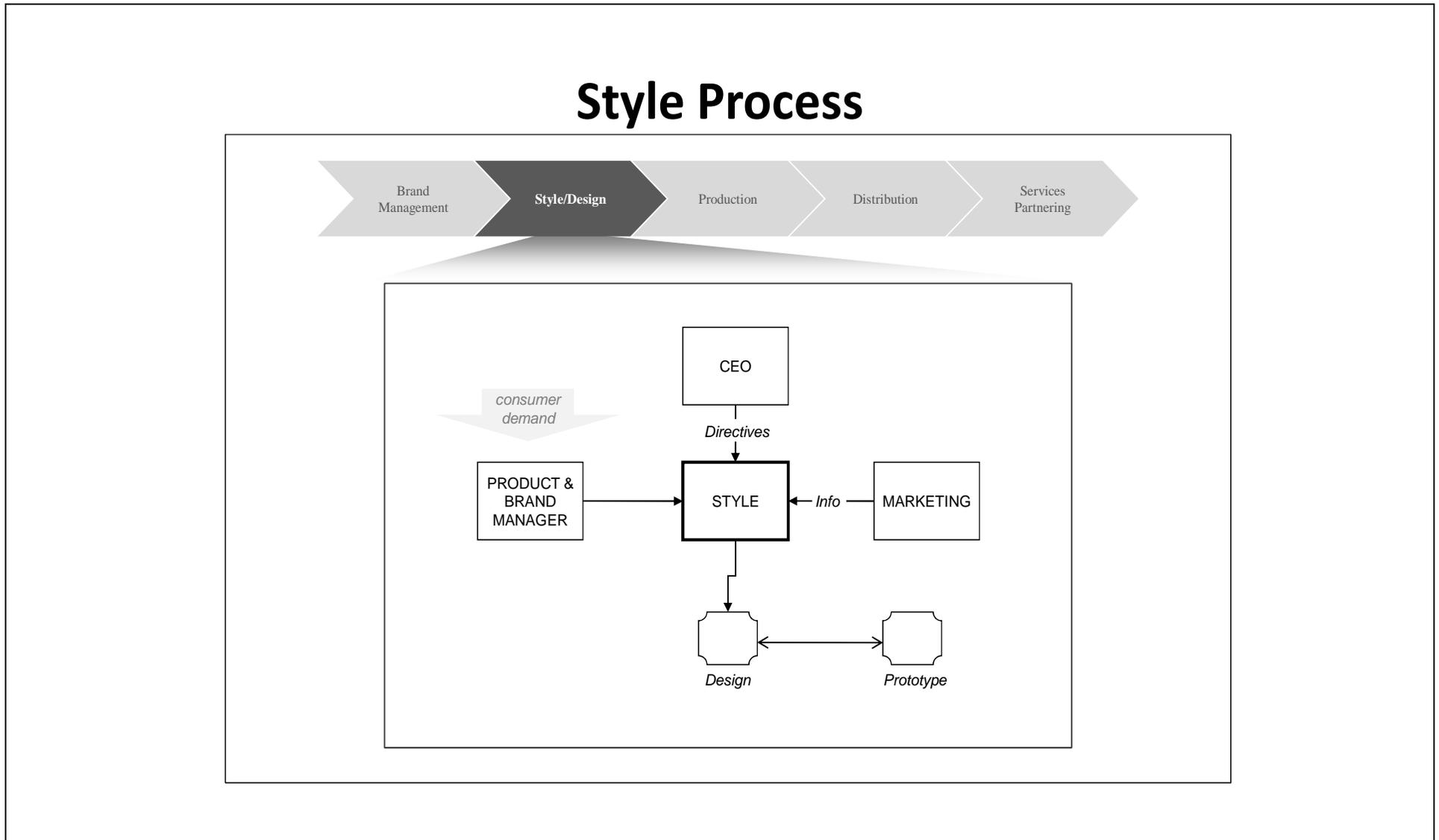
<sup>1</sup> In the matrix, the column “Core Competencies” includes the main KPI’s categories as conform with their use in other WICI’s projects, while the row “Operating processes” refers to the main specific processes in the Fashion & Luxury sector.

Figure 2.1. The proposed model – Brand Management Process

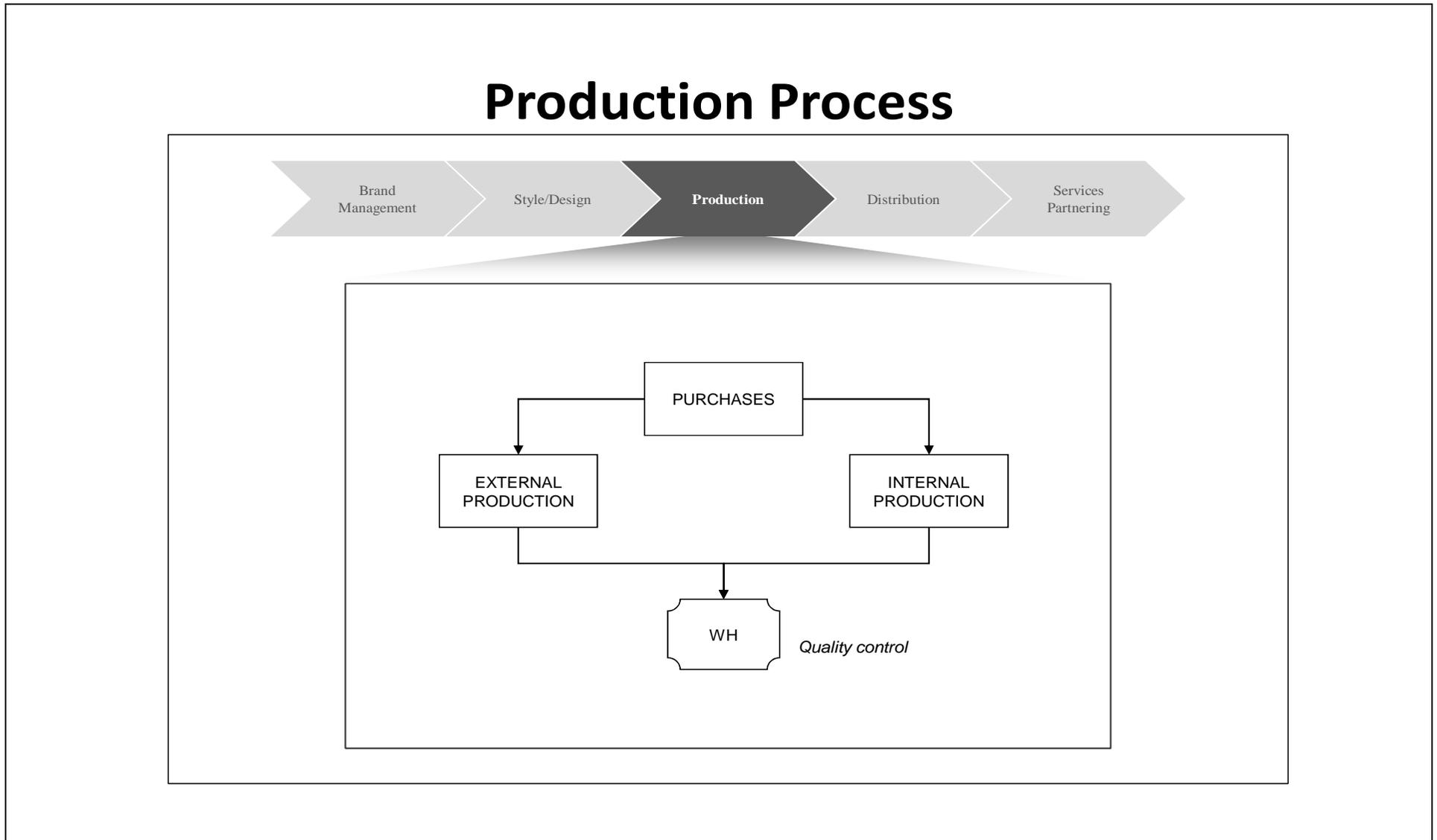
# Brand Management



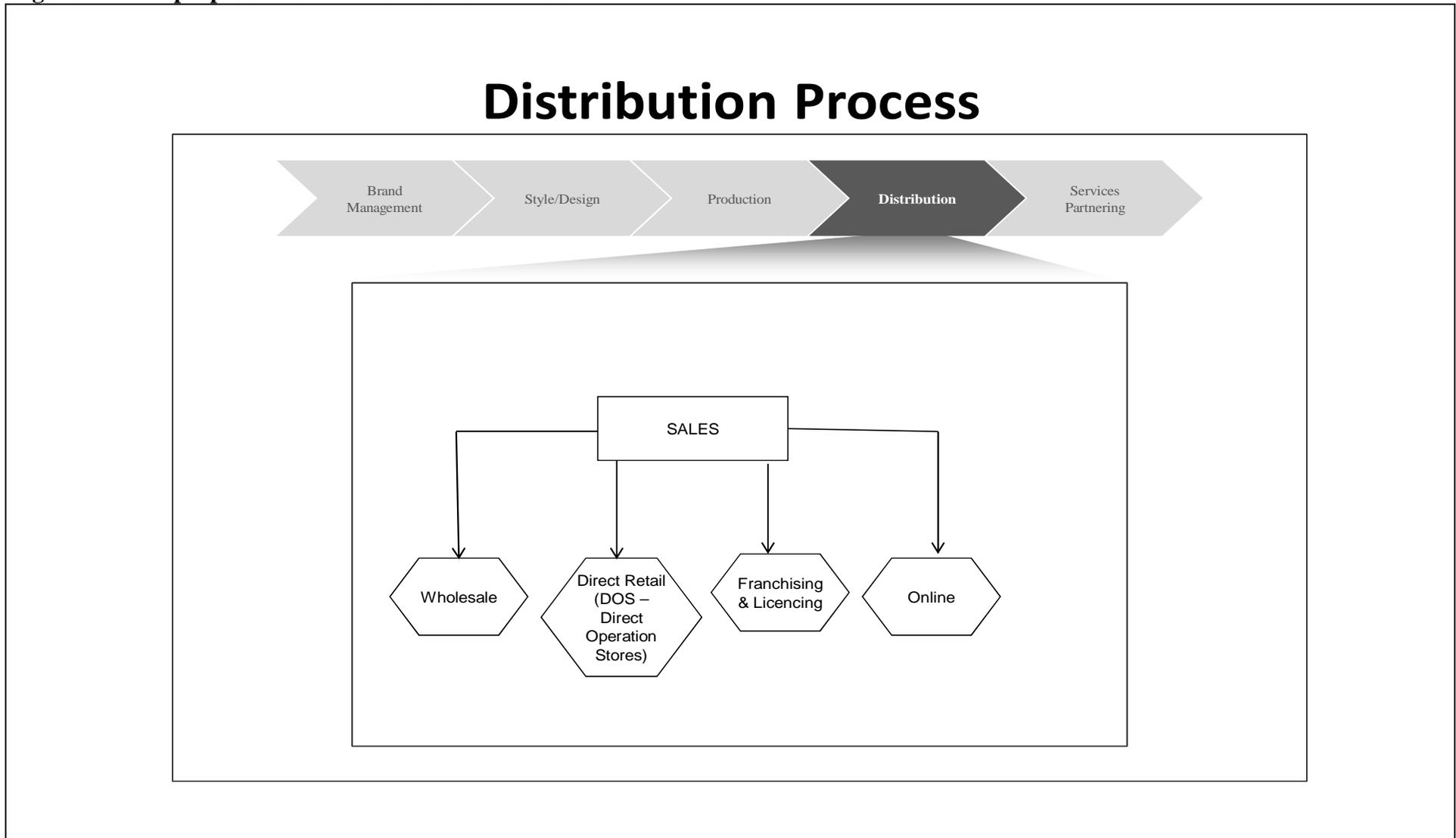
**Figure 2.2. The proposed model – Style / Design Process**



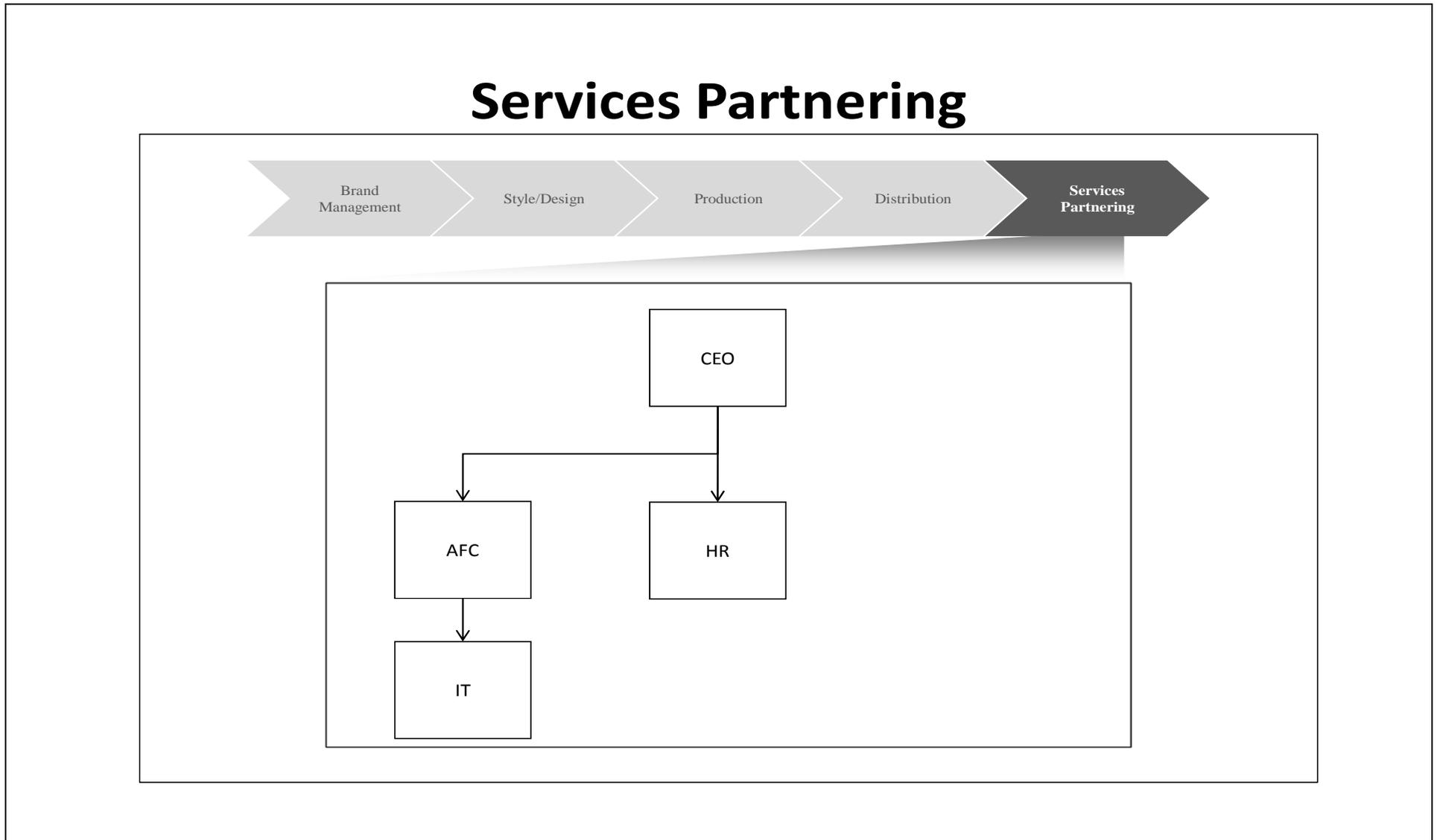
**Figure 2.3. The proposed model – Production Process**



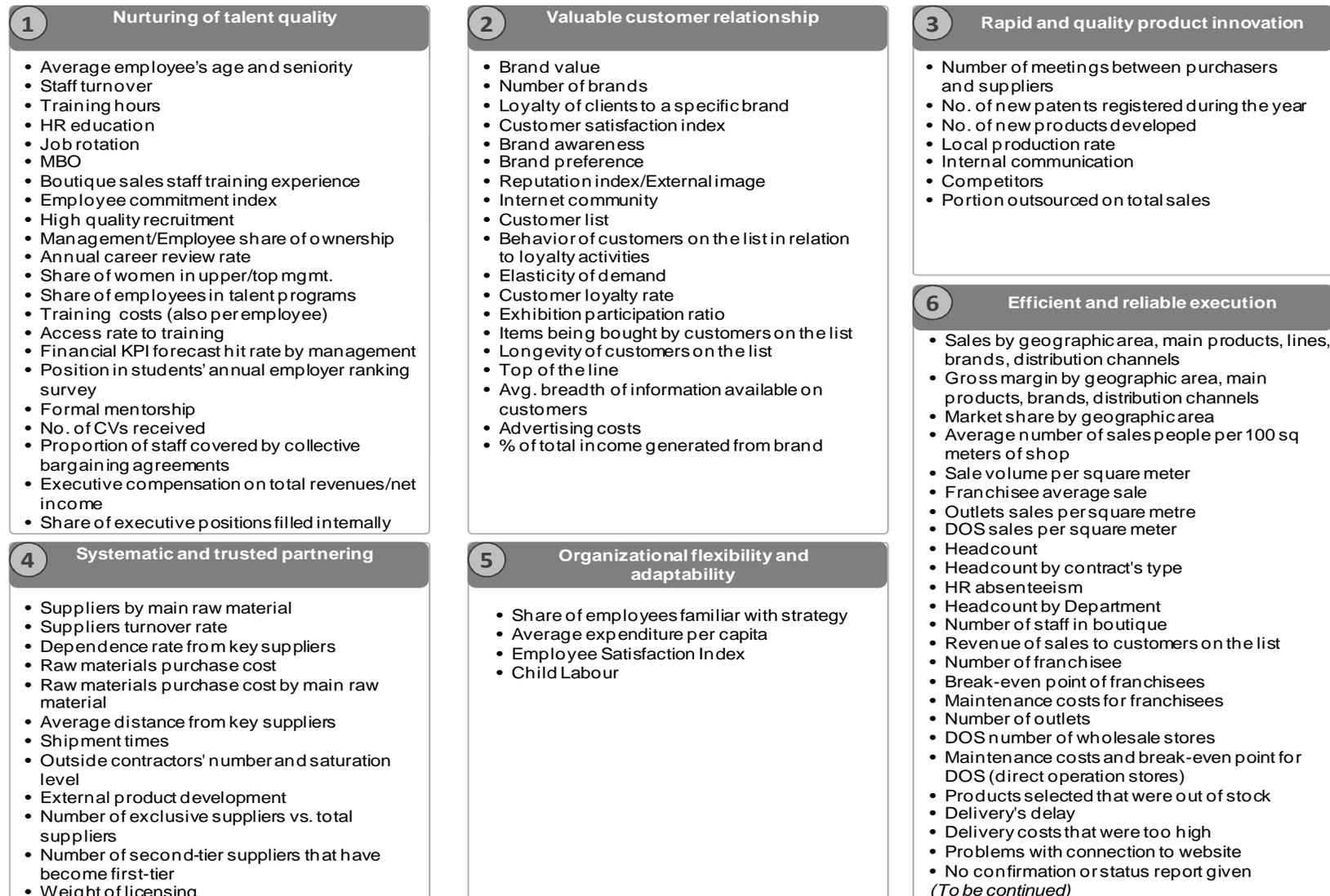
**Figure 2.4. The proposed model – Distribution Process**



**Figure 2.5. The proposed model – Services Partnering**



**Figure 3. Fashion and Luxury sector: the complete list of proposed KPIs per core competencies/critical success factors**



**1 Nurturing of talent quality**

**2 Valuable customer relationship**

**3 Rapid and quality product innovation**

**4 Systematic and trusted partnering**

**5 Organizational flexibility and adaptability**

**6 Efficient and reliable execution**

*(continued)*

- Website selections claimed to be limited
- Sites that were difficult to navigate/do not provide enough information
- Turn over rate of entire boutique staff
- Existing DOS and new openings' square meters
- Number of DOS (direct operation stores)
- Transportation expenses
- Flawed items on sold goods
- Number and types of flaws found in finished goods by the internal Quality Department
- Percentage of sales allotted for sale staff bonuses
- Production timetable
- Backlog
- Direct costs per square meter
- Like-for-like and reported sales growth
- Average sales per transaction
- Capex
- Average time to complete the first prototypes
- Amount of time for the Design Office to select the final models of a collection
- Number of models designed vs. number chosen for the final collection

**Table 1. The complete list of KPIs for the Fashion and Luxury sector**

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
1	Nurturing of talent quality	All processes	Human Capital	Average employee's age	Ratio of the sum of employee's age and the total number of employees.	age and trend	Nice to Have
2	Nurturing of talent quality	All processes	Human Capital	Average employee's seniority	Ratio of the sum of employee's seniority and the total number of employees.	time and trend	Must Have
3	Nurturing of talent quality	All processes	Human Capital	Staff turnover	Number of people who left the company during the year on the total workforce at the beginning of the year (in all company and specifically in the Design Office and development Office).	percentage and trend	Must Have
4	Nurturing of talent quality	All processes	Human Capital	Training hours	Amount of training hours on the number of employees (total and for HQ employees and sales people).	percentage and trend	Nice to Have
5	Nurturing of talent quality	All processes	Human Capital	HR education	Percentage of employees by the education's degree.	percentage and trend	Nice to Have
6	Nurturing of talent quality	All processes	Human Capital	Job rotation	Percentage of employees who changed their task in the last year on the total number of employees.	percentage and trend	Nice to Have
7	Nurturing of talent quality	All processes	Human Capital	MBO	Percentage of bonuses on the successful objectives achieved by the employees.	percentage and trend	Must Have
8	Nurturing of talent quality	Distribution process	Human Capital	Boutique sales staff training experience	Sum of the training hours.	time and trend	Must Have
9	Nurturing of talent quality	Services Partnering	Human Capital	Employee commitment index	It is scored from an annual Employee Survey which provides a reliable measure of employees' commitment to their work and the company.	score and trend	Must Have
10	Nurturing of talent quality	Services Partnering	Human Capital	High quality recruitment (e.g., recruitment from the 5 best business schools and/or the 5 best technical schools)	Percentage of high quality recruitment on total recruitment.	percentage and trend	Must Have
11	Nurturing of talent quality	Services Partnering	Human Capital	Management/Employee share of ownership	Percentage of stocks of company owned by employees/management.	percentage and trend	Nice to Have
12	Nurturing of talent quality	Services Partnering	Human Capital	Annual career review rate	Number of career advancement cases on total employees.	percentage and trend	Nice to Have
13	Nurturing of talent quality	Services Partnering	Human Capital	Share of women in upper/top mgmt (to attract female talents)	Number of women on the total upper/top managers.	percentage and trend	Must Have
14	Nurturing of talent quality	Services Partnering	Human Capital	Share of employees in talent programs	Number of employees in talent program on the total employees.	percentage and trend	Must Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
15	Nurturing of talent quality	Services Partnering	Human Capital	Training costs	Amount of training costs on total income. Amount of training costs per sales/service representative.	percentage and trend	Nice to Have
16	Nurturing of talent quality	Services Partnering	Human Capital	Training costs per employee	Average expenses of training and education for the average number of employees during the year.	percentage and trend	Must Have
17	Nurturing of talent quality	Services Partnering	Human Capital	Access rate to training	Proportion of training hours for employees at each career's level.	percentage and trend	Nice to Have
18	Nurturing of talent quality	Services Partnering	Human Capital	Financial KPI forecast hit rate by management	Percentage of financial goals achieved by the management in the period investigated.	percentage and trend	Must Have
19	Nurturing of talent quality	Services Partnering	Human Capital	Position in students' annual employer ranking survey (whether it is possible)	Average rank for the top 10 universities in the main countries in terms of sale's volume.	score and trend	Nice to Have
20	Nurturing of talent quality	Services Partnering	Human Capital	Formal mentorship (whether it is possible)	Share of employees with formal mentor (where an existent process).	percentage and trend	Nice to Have
21	Nurturing of talent quality	Services Partnering	Human Capital	No. of CVs received	N° of CVs received in the year.	number and trend	Nice to Have
22	Nurturing of talent quality	Services Partnering	Human Capital	Proportion of staff covered by collective bargaining agreements	Number of employees covered by collective bargaining agreements on total employees	percentage and trend	Nice to Have
23	Nurturing of talent quality	Services Partnering	Human capital	Executive compensation on total revenues/net income	It is calculated in conformity with the KPI's description.	percentage and trend	Must Have
24	Nurturing of talent quality	Services Partnering	Human capital	Share of executive positions filled internally	It is calculated in conformity with the KPI's description.	percentage and trend	Nice to Have
25	Valuable customer relationship	Brand Management	Relational Capital	Brand value	Accounting or Mark-to-model valuation (e.g. royalty rate).	number and trend	Must Have
26	Valuable customer relationship	Brand Management	Relational Capital	Age of brands	Age of each brand.	number and trend	Nice to Have
27	Valuable customer relationship	Brand Management	Relational Capital	Number of brands	It is calculated in conformity with the KPI's description.	number and trend	Must Have
28	Valuable customer relationship	Brand Management	Relational Capital	Loyalty of clients to a specific brand	Average tenure of clients.	number and trend	Must Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
29	Valuable customer relationship	Brand Management	Relational Capital	Customer satisfaction index	Customers satisfaction survey's results.	score and trend	Must Have
30	Valuable customer relationship	Brand Management	Relational Capital	Brand awareness	Customers awareness survey's results.	score and trend	Must Have
31	Valuable customer relationship	Brand Management	Relational Capital	Brand preference	Customers preference survey's results.	score and trend	Nice to Have
32	Valuable customer relationship	Brand Management	Relational Capital	Reputation index/External image	Brand/Company perception from customer/stakeholder survey's results	score and trend	Must Have
33	Valuable customer relationship	Distribution process	Organisational Capital	Internet community	Average age of website customers and Average age of customers on the list.	number and trend	Nice to Have
34	Valuable customer relationship	Distribution process	Relational Capital	Customer list	Customized relationship with clients	number and trend	Must Have
35	Valuable customer relationship	Distribution process	Relational Capital	Behavior of customers on the list in relation to loyalty activities (invitations to pre-sale campaigns, offers of customized credit cards or gift certificates)	Turnover generated from customers called for pre-sale campaign and/or Percentage of customers' numbers called to the pre-sale campaign that attended the pre-sale campaign event	percentage and trend	Nice to Have
36	Valuable customer relationship	Distribution process	Relational Capital	Elasticity of demand	For the most significant product, ratio of the difference between the number of items sold during period (X) and period (X-1) and the difference between prices at period (X) and (X-1)	percentage and trend	Nice to Have
37	Valuable customer relationship	Distribution process	Relational Capital	Customer loyalty rate	Percentage of sales by customers older than five years.	percentage and trend	Must Have
38	Valuable customer relationship	Distribution process	Relational Capital	Exhibition participation ratio	Percentage of participation in the top ten exhibition world-wide.	percentage and trend	Nice to Have
39	Valuable customer relationship	Distribution process	Relational Capital	Items being bought by customers on the list	Percentage of items bought by customers on the list.	percentage and trend	Nice to Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
40	Valuable customer relationship	Distribution process	Relational Capital	Age of customers on the list	Average age.	number and trend	Nice to Have
41	Valuable customer relationship	Distribution process	Relational Capital	Longevity of customers on the list	Average longevity.	number and trend	Nice to Have
42	Valuable customer relationship	Brand Management	Relational Capital	Top of line (best selling product just before and after sales period)	It is calculated in conformity with the KPI's description.	Number and trend	Must Have
43	Valuable customer relationship	Services Partnering	Relational Capital	Avg. breadth of information available on customers	Percentage vis-à-vis a list of potential customer information.	percentage and trend	Nice to Have
44	Valuable customer relationship	Style / Design process	Relational Capital	Advertising costs	Historical trend in total advertising costs both in absolute value and as a percentage of sale volumes.	number, percentage and trend	Must Have
45	Valuable customer relationship	Style / Design process	Relational Capital	% of total income generated from brand	It is calculated in conformity with the KPI's description.	percentage and trend	Must Have
46	Rapid and quality product innovation	Production process	Relational Capital	External communication	Number of meetings between purchasers and suppliers.	number and trend	Nice to Have
47	Rapid and quality product innovation	Production process	Relational Capital	No. of new patents registered during the year	No. of new patents registered during the year.	number and trend	Nice to Have
48	Rapid and quality product innovation	Production process	Relational Capital	No. of new products developed	No. of new products developed.	number and trend	Must Have
49	Rapid and quality product innovation	Production process	Relational Capital	Local production rate	Local production volume / Total volume.	percentage and trend	Nice to Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
50	Rapid and quality product innovation	Style / Design process	Relational Capital	Internal communication	Number of meetings with the Design Office to fine-tune the first prototypes.	number and trend	Must Have
51	Rapid and quality product innovation	Production process	Relational Capital	Competitors	Number of competitors by main product.	percentage and trend	Must Have
52	Rapid and quality product innovation	Production process	Organisational Capital	Portion outsourced on total sales	Percentage of sales when a part of the manufacturing process is outsourced to other manufacturers.	percentage and trend	Must Have
53	Systematic and trusted partnering	Distribution process	Relational Capital	Suppliers by main raw material	Number of suppliers by main raw material.	percentage and trend	Must Have
54	Systematic and trusted partnering	Distribution process	Relational Capital	Suppliers turnover rate	Rate of entry of new suppliers and exit of those less efficient during the previous two years.	percentage and trend	Must Have
55	Systematic and trusted partnering	Distribution process	Relational Capital	Dependence rate from key suppliers	Percentage on total costs of goods sold (COGS) of the key suppliers.	percentage and trend	Must Have
56	Systematic and trusted partnering	Distribution process	Organisational Capital	Raw materials purchase cost	Historical trend in the total purchase cost (in absolute value and as a percentage of sales).	number, percentage and trend	Must Have
57	Systematic and trusted partnering	Distribution process	Organisational Capital	Raw materials purchase cost by main raw material	Raw materials purchase cost by main raw material.	percentage and trend	Must Have
58	Systematic and trusted partnering	Distribution process	Organisational Capital	Average distance from key suppliers	Sum of the Kms from the main suppliers divided by the number of key-suppliers.	number and trend	Nice to Have
59	Systematic and trusted partnering	Distribution process	Organisational Capital	Shipment times	Average shipment times by geographic area.	time and trend	Must Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
60	Systematic and trusted partnering	Distribution process	Organisational Capital	Outside contractors' number and saturation level	Number of outside contractors and their level of saturation.	number and trend	Must Have
61	Systematic and trusted partnering	Production process	Relational Capital	External product development	Number of designs (or prototypes) realized externally on the total number of designs (or prototypes).	percentage and trend	Must Have
62	Systematic and trusted partnering	Production process	Relational Capital	Number of exclusive suppliers vs. total suppliers	It is calculated in conformity with the KPI's description.	percentage and trend	Nice to Have
63	Systematic and trusted partnering	Production process	Relational Capital	Number of second-tier suppliers that have become first-tier	It is calculated in conformity with the KPI's description.	number, percentage and trend	Must Have
64	Systematic and trusted partnering	Distribution process	Relational Capital	Weight of licensing	Royalties on total turnover	percentage and trend	Must Have
65	Organizational flexibility and adaptability	All processes	Organisational Capital	Share of employees familiar with strategy	Number of employees involved in MBO on total employees.	percentage and trend	Nice to Have
66	Organizational flexibility and adaptability	Distribution process	Relational Capital	Average expenditure per capita	Ratio of total income and the number of customers.		Nice to Have
67	Organizational flexibility and adaptability	Services Partnering	Human Capital	Employee Satisfaction Index	Employee satisfaction survey's results.	Score and trend	Must Have
68	Organizational flexibility and adaptability	All processes	Human Capital	Child Labour	Description of the procedures put in practice to prevent and prohibit child labour	description	Must Have
69	Efficient and reliable execution	Services Partnering	Relational Capital	Sales by geographic area, main products, lines, brands, distribution channels	Sale volumes by regions, country, geographical area, main products, brands and distribution channels.	number and trend	Must Have
70	Efficient and reliable execution	All processes	Relational Capital	Gross margin by geographic area, main products, brands, distribution channels	Gross margin by regions, country, geographical area, main products, brands, distribution channels.	number and trend	Must Have

Fashion and Luxury KPIs proposed by NIBR - WICI Italy (Interim Version 1.0) as of 18 May 2011

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested Relevance</i>
71	Efficient and reliable execution	All processes	Relational Capital	Market share by geographic area	External statistics.	percentage and trend	Nice to Have
72	Efficient and reliable execution	All processes	Human Capital	Average number of sales people per 100 sq meters of shop	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
73	Efficient and reliable execution	Services Partnering	Relational Capital	Sale volume per square meter	Average sale volumes per square meter of directs shops, mono-brand outlets.	number and trend	Must Have
74	Efficient and reliable execution	Distribution process	Organisational Capital	Franchisee average sales	Sales per franchisee on total sales per square meter.	percentage and trend	Must Have
75	Efficient and reliable execution	Distribution process	Organisational Capital	Outlets sales per square metre	Sales per square meter through outlet on total sales per square meter.	percentage and trend	Must Have
76	Efficient and reliable execution	Distribution process	Organisational Capital	DOS sales per square meter	Sales through DOS (direct operation stores) on total sales per square meter.	percentage and trend	Must Have
77	Efficient and reliable execution	All processes	Human Capital	Headcount	Number of employees.	number and trend	Must Have
78	Efficient and reliable execution	All processes	Human Capital	Headcount by contract's type	Number of employees by contract 's type.	number and trend	Must Have
79	Efficient and reliable execution	All processes	Human Capital	HR absenteeism	Average HR days of absenteeism per year	number and trend	Must Have
80	Efficient and reliable execution	All processes	Human Capital	Headcount by department	Number of employees by organizational department.	number and trend	Nice to Have
81	Efficient and reliable execution	Distribution process	Human Capital	Number of staff in boutique	It is calculated in conformity with the KPI's description.	number and trend	Must Have
82	Efficient and reliable execution	Distribution process	Relational Capital	Revenue of sales to customers on the list	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
83	Efficient and reliable execution	Distribution process	Relational Capital	Requests to buy the customer list from consumer credit banks, credit agencies or institutions	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
84	Efficient and reliable execution	Distribution process	Organisational Capital	Number and weight of franchisees	Total number of franchise shops on total shop number	percentage and trend	Must Have
85	Efficient and reliable execution	Distribution process	Organisational Capital	Break-even point of franchisees	Volume of sales at which net sales equals the amount of costs.	number and trend	Must Have
86	Efficient and reliable execution	Distribution process	Organisational Capital	Maintenance costs for franchisees	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
87	Efficient and reliable execution	Distribution process	Organisational Capital	Number of Outlets	Total number of outlets.	number and trend	Must Have
88	Efficient and reliable execution	Distribution process	Organisational Capital	DOS number of wholesale stores	Total number of wholesale stores.	number and trend	Must Have
89	Efficient and reliable execution	Distribution process	Organisational Capital	Maintenance costs for DOS (direct operation stores)	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
90	Efficient and reliable execution	Distribution process	Organisational Capital	Break-even point of DOS	Volume of sales at which net sales equals the amount of costs with respect to DOS (direct operation stores).	number and trend	Must Have
91	Efficient and reliable execution	Distribution process	Organisational Capital	Products selected that were out of stock	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
92	Efficient and reliable execution	Distribution process	Organisational Capital	Delivery's delay	Number of finished goods completed in the time fixed by the "Time Office".	number and trend	Nice to Have
93	Efficient and reliable execution	Distribution process	Organisational Capital	Delivery costs that were too high	Number of customer's complaints on delivery costs.	number and trend	Nice to Have
94	Efficient and reliable execution	Distribution process	Organisational Capital	Problems with connection to website	Number of customer's complaints on connection services.	number and trend	Nice to Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
95	Efficient and reliable execution	Distribution process	Organisational Capital	No confirmation or status report given	Number of customer's complaints.	number and trend	Nice to Have
96	Efficient and reliable execution	Distribution process	Organisational Capital	Website selections claimed to be limited	Number of customer's complaints on connection services.	number and trend	Must Have
97	Efficient and reliable execution	Distribution process	Organisational Capital	Sites that were difficult to navigate	Number of customer's complaints on connection services.	number and trend	Nice to Have
98	Efficient and reliable execution	Distribution process	Organisational Capital	Sites that do not provide enough information	Number of customer's complaints on connection services.	number and trend	Nice to Have
99	Efficient and reliable execution	Distribution process	Human Capital	Turnover rate of entire boutique staff	Number of employees who left the job during the month by the total number of boutique staff at mid-period evaluated.	number and trend	Nice to Have
100	Efficient and reliable execution	Distribution process	Relational Capital	Existing DOS and new openings' square meters	Total square meters for the existing DOS and the total square meters for the DOS opened during the last year.	number and trend	Nice to Have
101	Efficient and reliable execution	Distribution process	Relational Capital	Number of DOS (direct operation stores)	Total number of DOS.	number and trend	Must Have
102	Efficient and reliable execution	Distribution process	Organisational Capital	Transportation expenses	Historical trend in transportation expenses in absolute terms and as a percentage of sales.	number, percentage and trend	Must Have
103	Efficient and reliable execution	Production process	Relational Capital	Flawed items on sold goods	Average flawed items, in absolute value and as a proportion of sold goods	number, percentage and trend	Must Have
104	Efficient and reliable execution	Production process	Organisational Capital	Number and types of flaws found in finished goods by the internal Quality Department	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
105	Efficient and reliable execution	Production process	Human Capital	Percentage of sales allotted for sale staff bonuses	It is calculated in conformity with the KPI's description.	percentage and trend	Nice to Have
106	Efficient and reliable execution	Production process	Organisational Capital	Production timetable	Number of finished goods completed with respect to the timetable.	time and trend	Nice to Have

<i>Nr</i>	<i>Focus</i>	<i>Process</i>	<i>IC area</i>	<i>KPI</i>	<i>KPI Formula</i>	<i>KPI's features</i>	<i>Suggested relevance</i>
107	Efficient and reliable execution	Production process	Relational Capital	Backlog	Total value of sales orders waiting to be filled.	number and trend	Must Have
108	Efficient and reliable execution	Services Partnering	Relational Capital	Direct costs per square meter	Average direct costs per square meter.	number and trend	Nice to Have
109	Efficient and reliable execution	Services Partnering	Relational Capital	Like-for-like and reported sales growth	Existing DOS's growth (like-for-like growth) on the sales growth.	percentage and trend	Nice to Have
110	Efficient and reliable execution	Services Partnering	Relational Capital	Average sales per transaction	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
111	Efficient and reliable execution	Services Partnering	Relational Capital	Capex	DOS' s capital expenditures and the capex for the new openings.	number and trend	Must Have
112	Efficient and reliable execution	Style / Design process	Organisational Capital	Average time to complete the first prototypes	It is calculated in conformity with the KPI's description.	time and trend	Must Have
113	Efficient and reliable execution	Style / Design process	Organisational Capital	Amount of time for the Design Office to select the final models of a collection	It is calculated in conformity with the KPI's description.	number and trend	Nice to Have
114	Efficient and reliable execution	Style / Design process	Organisational Capital	Number of models designed vs. number chosen for the final collection	It is calculated in conformity with the KPI's description.	number and trend	Must Have

### **About the Network Italiano per il Business Reporting (NIBR) – WICI Italy**

NIBR – WICI Italy was founded in December 2010 and is the official Italian jurisdiction for the “World Intellectual Capital / Assets Initiative” (WICI Global), the global Network for business reporting, and for the “World Intellectual Capital / Assets Initiative Network for Europe” (WICI Europe).

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