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The KPI Bible 2.0 with AI

How ChatGPT is revolutionizing controlling. Kristoffer Ditz

In the world of controlling, the uniform definition and use of key performance indicators (KPIs) is essential. When different departments use different definitions for the same KPIs in their reporting, misunderstandings and inefficient decision-making processes arise. This is exactly where the concept of the KPI Bible comes in. While creating such a database used to be a time-consuming project, ChatGPT can now significantly speed up the process. In this article, I will show you how AI-powered tools can help you efficiently define, structure, and manage key performance indicators.

Why a KPI Bible?

"Not all revenue is created equal" — every controlling department is familiar with this problem. Depending on the department and system (e.g., SAP BW, SAP FI), revenue figures may differ, as some are considered with or without sales tax, for example. The KPI bible serves as a central reference work to avoid such discrepancies and ensure a consistent understanding of all important key figures. It should be attached to every report so that the respective key figure can be quickly looked up.

The role of ChatGPT in KPI definition

In the past, creating a KPI bible required numerous meetings, coordination, and manual research. With ChatGPT, this process can be significantly accelerated with the following points:

1. **Automated key figure creation:** ChatGPT can provide definitions, formulas, and benchmarks for almost any key figure within seconds.
2. **Standardization:** By using AI, all departments receive consistent definitions and calculations.

Here is an example of a KPI table for the purchasing department structured as a table. The definitions and calculations are standardized to ensure uniform implementation and a clear basis for decision-making.

KPI	Definition	Value / calculation formula	Target / benchmark	Data source	Responsible
Supplier punctuality	Percentage of deliveries that arrive on time compared to the agreed delivery date.	(Number of on-time deliveries / total number of deliveries) * 100	95%	ERP system, supplier portals	Purchasing manager
Order costs per item	Average cost for ordering a single item, including procurement, storage, transport, internal processing, and other administrative	(Total ordering costs / number of orders)	< 1.50 €	ERP system, invoices	Purchases

Fig. 1: Example of a KPI bible for purchasing generated by ChatGPT

3. **Extensibility:** New KPIs can be added flexibly without having to go through the entire process again.
4. **Automated consolidation:** ChatGPT can identify duplicate or conflicting KPIs and make suggestions for consistent wording.

Step-by-step: Creating the KPI bible with ChatGPT

When creating the KPI bible, it is best to proceed in the following order:
1. **Kick-off meeting:** Define the scope and objectives of your KPI bible and invite all relevant stakeholders.
2. **Collect metrics:** Use ChatGPT to generate an initial list of relevant KPIs for your industry and company.
3. **Create definitions and calculations:** Develop clear definitions, formulas, and examples for each metric. ChatGPT can generate suggestions and optimize existing definitions.
4. **Add benchmark values:** ChatGPT can suggest benchmarks based on industry standards or historical company data.
5. **Determine data sources:** Identify the relevant systems (ERP, BI tools, Excel) and automate data collection with ChatGPT-supported workflows.
6. **Assign responsibilities:** Determine who is responsible for collecting and validating each KPI.
7. **Consolidation and approval:** Review the final list with management to ensure that all relevant KPIs are included.

But be careful: Especially with benchmarks (point 7), keep in mind that ChatGPT can make mistakes and that you, as a controller, must check the benchmarks for plausibility.

Fig. 1 shows an excerpt from ChatGPT when I asked for a KPI bible for purchasing.

Now imagine this for all departments. You would "only" have to check whether the data provided is correct, saving you a significant amount of time. You can also find KPIs that make you think, *"Ah, we don't have this KPI yet. What analyses could we use to perform profitably?"* I know from experience how time-consuming it is to create such things without AI.

Best practices for using ChatGPT in controlling

- **Regular updates:** Have ChatGPT regularly analyze the KPI bible to identify outdated definitions or missing metrics.
- **Integration into existing systems:** Use API interfaces to integrate ChatGPT directly into your BI system.
- **Employee training:** Encourage controllers to work with ChatGPT to create data analyses and reports more efficiently.
- **Dynamic adaptation:** Use ChatGPT to quickly translate changing business requirements into your KPI definitions.

Conclusion and recommended action

The KPI Bible has always been an indispensable tool for controlling. With ChatGPT as support, this process can now be made significantly faster and more efficient. This leaves more time for the actual analysis and strategic management of the company. Anyone who wants to take their key figures to a new level should establish ChatGPT as an integral part of their reporting system. ■

Kristoffer Ditz

has over 20 years of professional experience in controlling and has worked for numerous national and international companies in trade and e-commerce, as well as providing consulting services for them. As a trained controller (CA), he offers seminars and consulting services for controlling and e-commerce, particularly including specialized seminars on the use of AI in controlling. *kditz@ hanseatic-business-school.com*