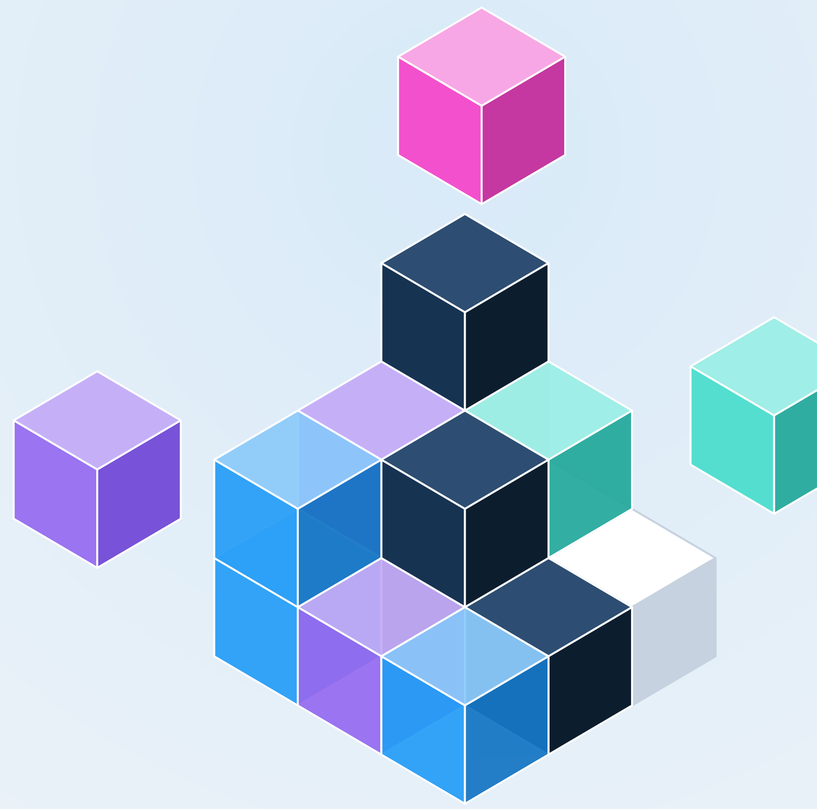
STRATEGY & PERFORMANCE

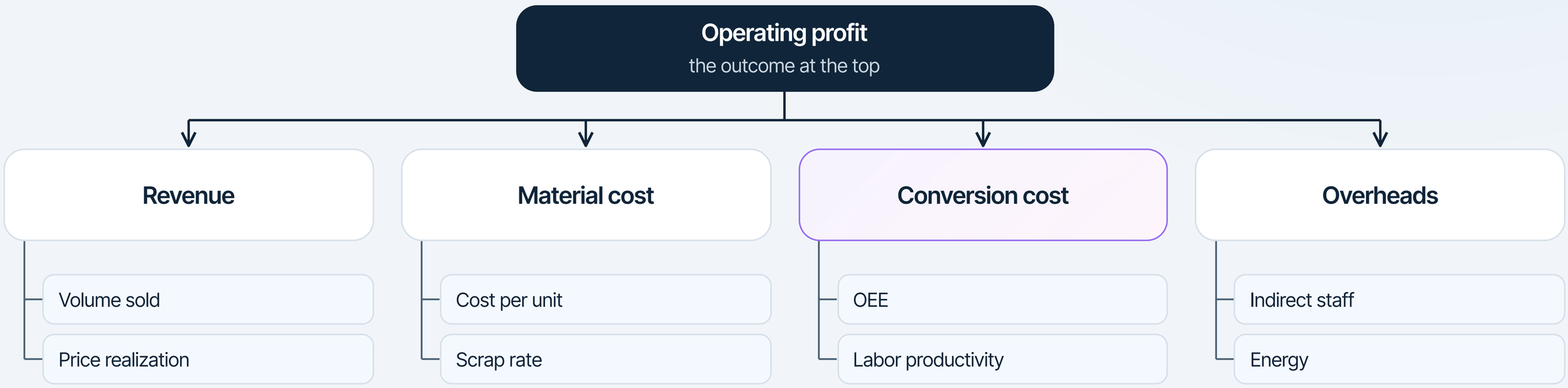
KPI Tree for Manufacturing

A KPI tree breaks a financial outcome down into the operational drivers behind it, so every team can see how its metrics move the result.



01 THE CORE MODEL

DRIVER TREE · OUTCOME LINKED TO OPERATIONS



Outcome metric
The financial result at the top, such as operating profit.

Drivers
Measures that mathematically or causally feed the level above.

Operational lever
A driver the shop floor can influence every day.

02 USING THE TREE

A KPI tree shows each team how its numbers move the result.

ISOLATED KPIS — LINKED TREE

ISOLATED METRICS

- Teams optimize their own number
- Conflicting targets between departments
- Impact on profit unclear

KPI TREE

+ A clear link from OEE to profit
+ Trade-offs visible, such as speed vs scrap
+ Focus on the biggest levers

03 WORKED EXAMPLE

MOLDING PLANT · TRACING ONE LEVER

LEVER
OEE up
on the bottleneck press

→

DRIVER
More good parts
same fixed cost

→

COST
Lower cost per part
conversion cost spread

→

OUTCOME
Higher profit
if demand takes the volume

04 MANAGEMENT TAKEAWAYS

01
Build top-down, check bottom-up
Start from the result, then confirm every link with data.

02
Name an owner per driver
Owners turn the tree into a management tool.

03
Model sensitivities
Show which driver moves profit most per unit of change.

05 COMMON MISTAKE

LIMITATION
Assuming every link is linear
More output raises profit only if it can be sold. Note the conditions on each link.