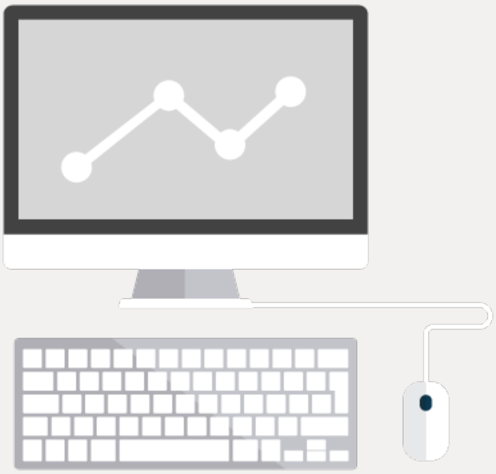
20 KPIs



To Get an Overview of Your Business Performance

scoro

Why do we need KPIs?

It is often said that 80% of the outcome comes from 20% of your input. The same rule applies to business as well.

That's why it is critical that you know which business processes perform the best and notice whenever serious problems arise.

The fastest and most efficient way to keep track of your organization's business performance is to set up a KPI dashboard.

A real-time KPI dashboard helps to collect your data and turns it into a board of relevant KPIs, metrics, charts, and graphs.

> 20% of what we do results in 80% of the outcomes.

Pareto principle

Top benefits of KPI dashboards

A dashboard with well-chosen KPIs is beneficial in many ways:

- All your important data is accessible in a few clicks
- Automated real-time updates provide the latest information
- You'll get a quick overview of your company's performance
- You can track project & sales performance
- You'll get a quick overview of underperforming departments
- Beautifully visualized data is easily understood
- Actionable metrics help to make the right decisions
- Data-driven decision-making leads to long-term business growth

Sounds too good to be true?

Let's get started!

To help you get started, we've compiled a list of 20 KPIs (key performance indicators) that give a comprehensive overview of your company's well-being.

At the end of this e-book, you'll also find links to useful resources to help you set up your first KPI dashboard.

Here's to more insights and higher profits!

Sales & marketing KPIs

Monthly sales / new customers

Tracking this KPI is one of the easiest ways to evaluate your sales success.

You can frame this KPI as merely the number of monthly sales or as the % of monthly sales quota to evaluate whether you're going to achieve your monthly sales goal.

Compare all monthly sales KPIs with previous month's results to see whether your business performance is increasing or declining.

Monthly new leads / prospects

The monthly KPI depends entirely on the nature of your business. New leads can be the people who sign up for a free trial.

They may also be the people who visit your website and spend some time there without yet ordering any-thing.

Frame your monthly new leads metric so that it gives you accurate information about the number of new prospective customers.

> "To understand what causes an increase or drop in one metric, you need to track further indicators to find correlations between multiple sales and marketing processes."

The Monthly New Leads KPI is beneficial in many ways:

1. **Compare** it to your monthly conversions / new customers metric to calculate the average lead-to-sale conversion rate.

2. **Compare** the current month's new leads with previous time periods to see whether your marketing spend is justified.

Lead-to-sale conversion rate

The lead-to-sale conversion rate is the percentage of new customers compared to new leads.

Conversion rate KPI shows whether your sales team is capable of turning prospective deals into new deals.

Let's say that 4% of your new leads convert into paying customers. This means that 96 leads out of 100 bring in no business whatsoever.

Cost per conversion

Cost Per Conversion (CPC) shows how much it costs to ac-quire a lead that also converts into a paying customer.

While an advertising campaign can generate hundreds of leads for you, often less than 2% of them turn into clients.

Track the CPC with a two-month time gap (as it takes time for leads to convert).

> "If the CPC is lower than your customer lifetime value, your marketing strategy is wasting resources instead of generating profit."

How to calculate cost – per – conversion :

Calculate the monthly time and resources spent on all lead acquisition sources, i.e. AdWords campaign, blog content, social media management, etc.

Next, use your marketing or CRM tool to see how many of that month's leads from a particular source have converted into paying customers since they entered your sales funnel.

Divide the total monthly cost of a lead source with the number of conversions to see how much acquiring a new customer cost you.

For accurate CPC metric, monitor different marketing channels separately. This way, you can find your most valuable lead sources and focus your energy and re-sources on amplifying these channels' reach.

Customer Lifetime Value / Customer Profitability

Customer profitability (CP) is the profit that your company makes from serving a customer or a group of clients for a particular period.

This KPI is calculated by combining the profit earned and the cost spent in association with a customer.

Knowing your customer lifetime value is the essential knowledge that you need for planning sales and marketing budgets.

Net promoter score

How likely is a client to recommend your product or service to a friend? According to Net Promoter Network, there are three levels of customer advocacy:

1. **Promoters** (score 9-10) are loyal enthusiasts who praise your company to others and drive sales.
2. **Passives** (score 7-8) are satisfied but unenthusiastic customers who leave when they see a better offer.
3. **Detractors** (score 0-6) are unhappy customers who spread negative information about your company.

Net Promoter Score can be measured on a ten-point scale by conducting customer surveys and interviews.

To calculate the Net Promoter Score, subtract the percentage of Detractors from the percentage of Promoters.

Customer turnover rate

Also named customer attrition and churn rate, this metric shows how many clients decide to stop using your service or product.

Customer turnover rate is calculated as a percentage of clients who have stopped using the service during the previous one-year period.

For example, if one client out of 25 stops subscribing to your service, the churn rate is 1 / 25 x 100 = 4%.

> To grow, the number of your new customers has to exceed the churn rate.

Project KPIs

Project Cost Variance (CV)

Project Cost Variance indicates whether the estimated cost of your project is below or above the planned baseline.

To calculate the Cost Variance, compare your Planned Budget to the Actual budget at a given time.

Cost Variance helps you to easily notice whether you're beyond or above your approved budget.

Overdue tasks / crossed deadlines

The number of crossed deadlines indicate your team's capability to finish work in time.

Measure this KPI as a percentage of your total tasks.

Planned Project Value (PV)

Planned Project Value is the estimated cost for your project activities planned/scheduled as of reporting date.

Compare the Planned Value with other project KPIs to see whether you're running ahead of schedule or have already spent a bigger slice of your budget than scheduled to date.

PV can be calculated by these two formulas:

Planned value = (the hours left scheduled on the project) X (project worker's hourly rate)

Planned Value = (Planned % of tasks left to complete) X (project budget)

> Measuring project KPIs helps to finish work on time, and will bring a whole new level of organization to your teamwork.

Actual Cost (AC)

The Actual Cost of projects and activities is also referred to as Actual Cost of Work Performed (ACWP).

The ACWP KPI indicates how much resources has been spent on a project as to date.

There's no magical formula for calculating the project's actual cost, you just have to add up all the project-related expenses you've used to date.

Project budget is calculated as the sum all the hours planned for the project. Use the time spent on the project to calculate the Actual Cost.

Earned Project Value (EV)

The Earned Value shows the approved budget for all the performed project activities by a specified date.

It shows how much of the planned work you have actually accomplished and what's the budget for these accomplishments.

Financial KPIs

Monthly revenue

Revenue is the income that a business has from its normal business activities, usually from the sale of goods and services to customers.

Add your monthly revenue to the KPI dashboard to keep your eye on the results month-over-month. This way, you'll have a better overview of your company's growth.

Net Profit Margin

Net Profit Margin shows how efficient your company is at generating profit compared to the monthly revenue.

Frequently calculated as a percentage, this KPI indicates how much of each dollar earned your company translates into profits.

The Net Profit Margin reflects on the profitability of your business and shows how fast the company can grow in the long-term.

Here's how to calculate the Net Profit Margin:

Net margin = net profit / revenue

Operating Cash Flow (OCF)

OCF shows the total amount of money generated by your company's daily business operations.

OCF hints whether your company can maintain a positive cash flow needed for growth.

A low OCF means that you might need external funding to cope with all expenses.

Operating cash flow is calculated by adjusting net income for things like depreciation, changes in inventory and changes to ac-counts receivable.

While analyzing your OCF, compare it to the total capital employed to evaluate whether your business produces enough capital to keep the accounts positive.

Current Ratio

Current Ratio reflects on your organization's ability to pay all the financial obligations in one year.

This KPI takes into account the company's current assets such as account receivables and current liabilities such as account payables.

How to evaluate your Current Ratio:

A Current Ratio of less than 1 indicates that your company will not be able to fulfill all financial obligations unless there's an additional cash flow.

A healthy Current Ratio is between 1.5 and 3, but it's not infrequent for businesses to have periods of Current Ratio under 1, especially if the company is investing in growth or accumulating debt.

Quick Ratio / Acid Test

Quick Ratio indicates whether a business has sufficient short-term assets to cover its near-future liabilities.

This metric gives you a more accurate overview of your company's financial health than the Current Ratio as it ignores liquid assets such as inventories.

Gross Profit Margin

Gross Profit Margin measures the proportion of money left over from revenue after accounting for the cost of goods sold.

This metric is a great indicator of a company's financial health, indicating whether a business is capable of paying its operating expenses while having funds left for growth.

Current Accounts Receivable

The Current Accounts Receivable shows the amount of money owed to a business by its debtors.

Monitor this financial metric to estimate your future income and calculate the average debtor days, showing how long it takes for an average business partner or a client to pay back their debt.

> "A high Current Accounts Receivable might indicate that your business is incapable of dealing with long-term debtors, and thereby losing money."

Current Accounts Payable

Opposite to the receivables, the Current Accounts Payable metric indicates the sum that a business owes to suppliers, banks, and creditors.

It can be broken down by business departments, divisions, and pro-jects to have a more detailed overview of your current payables.

To calculate the Current Accounts Payable, you need to take into account all the liabilities that need to be paid in a particular time frame.

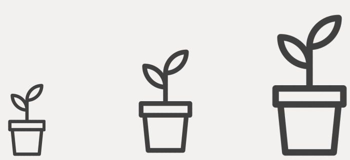
Current Accounts Receivable = resources that others owe to you

Current Accounts Payable = resources that you owe to others

A few final words

By now, you should have a brief overview of **20 popular KPIs.** Use them to keep track of your team's achievements and to measure your company's performance.

Setting up a KPI dashboard takes about one hour in Scoro. Compare it to the time you would otherwise spend on calculating all those business metrics and you'll see it's a worthwhile investment.



> **Start tracking and measuring your company's growth today to see better results tomorrow**

Here's a list of relevant guides and tutorials that you might find useful:

What Is a Key Performance Indicator (KPI)?

What Is a KPI Tracking Dashboard? The Complete Guide

The Complete Resource to Understand and Create Informative KPI Dashboards

How to Create a Perfect Business Dashboard With Scoro

5 Questions That Lead to Informative KPI Reports (How to Create Your First KPI report)

Thank you for reading!

Make sure to share this e-book with your friends and tweet it up so that others can benefit as well!

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