Dunder Mifflin Paper Company

KPIs for 2023

by Michael Scott (or so)

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Monthly Sales Growth

A business can survive for only so long without growing its sales. By tracking this metric in your monthly sales dashboard, leaders can quickly spot problems and act on trends. Establishing realistic monthly sales growth targets can motivate a sales team and ensure consistent alignment of their efforts with an organization's expectations.

Monthly sales growth =

((Sales for the current month - sales for the prior month) / sales for the prior month) x 100

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Average Profit Margin

Average profit margin is how much of overall sales revenue results in profits and is an important financial KPI. It's calculated by subtracting the costs associated with producing the company's goods and services from sales revenue. Companies can also analyze profit margins generated by specific products, sales territories and salespeople. Businesses with a wide range of products or services should monitor profit margins closely, as should companies that allow their sales reps flexibility in setting prices. This can be monitored for overall average profit margin or for specific areas.

Average profit margin =

(Net income / net sales) X 100

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Average Purchase Value

Average purchase value is the average amount each customer spends on a business's products or services. One of the most cost-effective ways to boost revenue is to sell more to each customer. Teams use the average purchase value to develop sales strategies that incent customers to spend more and to forecast the value of leads.

Average purchase value =

Total sales / number of customers or transactions

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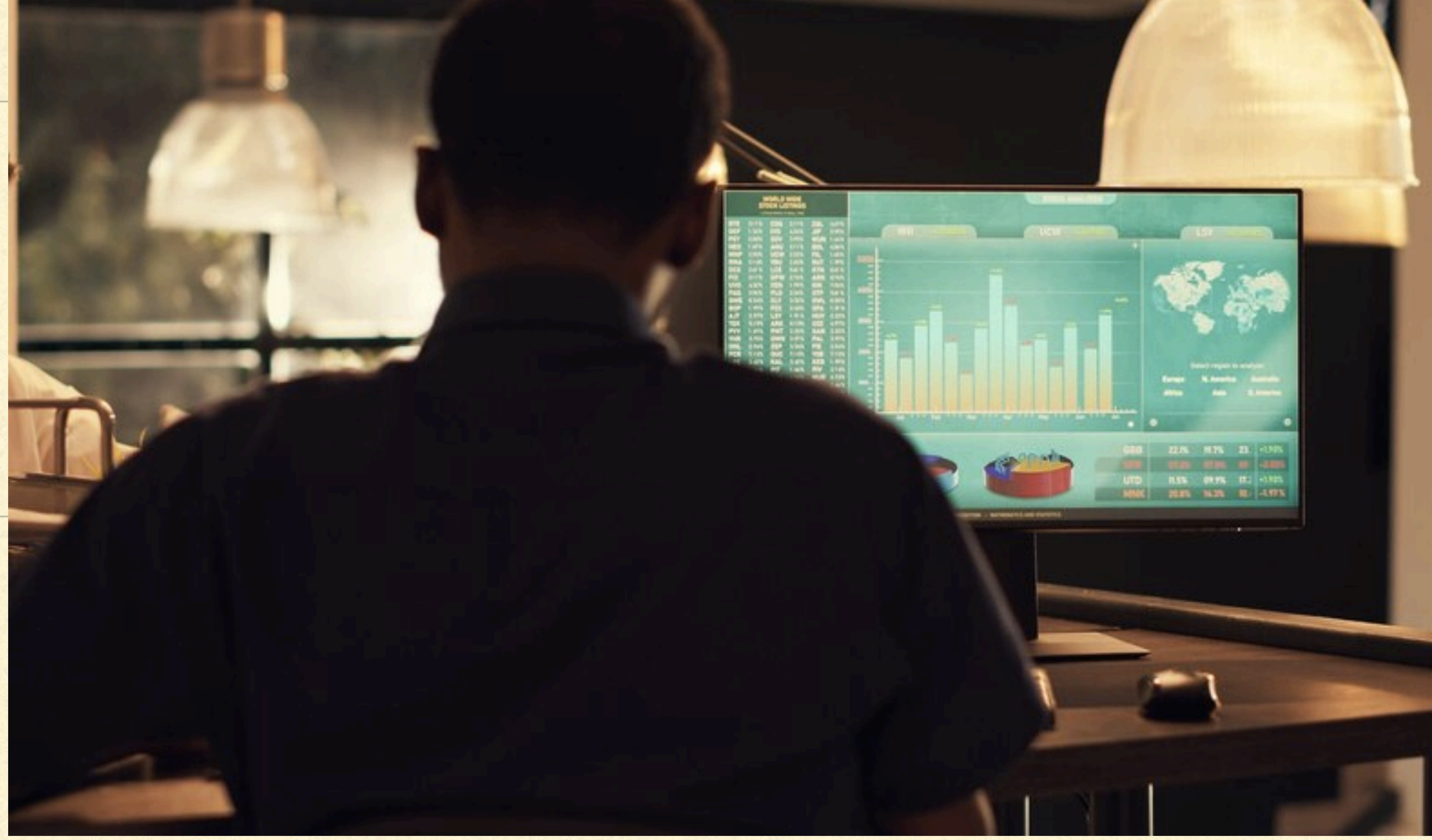

Product Performance

Which products are top-selling, and which are behind the pack? This product performance and inventory KPI answers these questions by ranking products based on sales.

Product sales volume doesn't always directly correlate to revenue performance. Low-price but high-volume products may account for a significant portion of total sales but may not rank in the top 10 revenue-generating products. As with most metrics, it's important to consider other factors surrounding the product. For example, is a product experiencing a boost due to a concentrated marketing campaign? Or did a product slip because the competition rolled out an updated version at a lower price? Sales leaders can use the rankings to evaluate product market trends, while sales managers can use product performance to adjust their sales plans based on these trends.

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Customer Lifetime Value

Customer lifetime value (CLV) refers to how much a company expects to earn over the entire time it conducts business with a customer. Businesses use this important metric to determine which customer segments generate the most revenue and how much to spend to acquire new customers. The calculation for customer lifetime value involves several components.

Customer lifetime value =

Gross margin % x retention rate x average revenue per customer

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Customer Acquisition Cost

Customer acquisition cost (CAC) refers to how much it costs a business to acquire one new customer. The costs to acquire depend on the business model, but factoring in all sales and marketing expenses, including salaries and overhead, can ensure a comprehensive calculation. Growing customer lifetime value and average revenue per customer, while cutting customer acquisition costs, can help maintain or increase profitability.

Customer acquisition cost =

Total sales and marketing cost / number of new customers