



YOU CANNOT MANAGE WHAT YOU CANNOT MEASURE

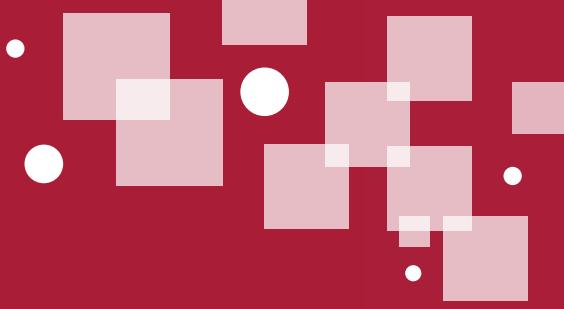
(What business metrics are being used by
the top managers of the
world's leading companies?)



“Always take the position that you are to some degree wrong, and your goal is to be less wrong over time.”

Elon Musk





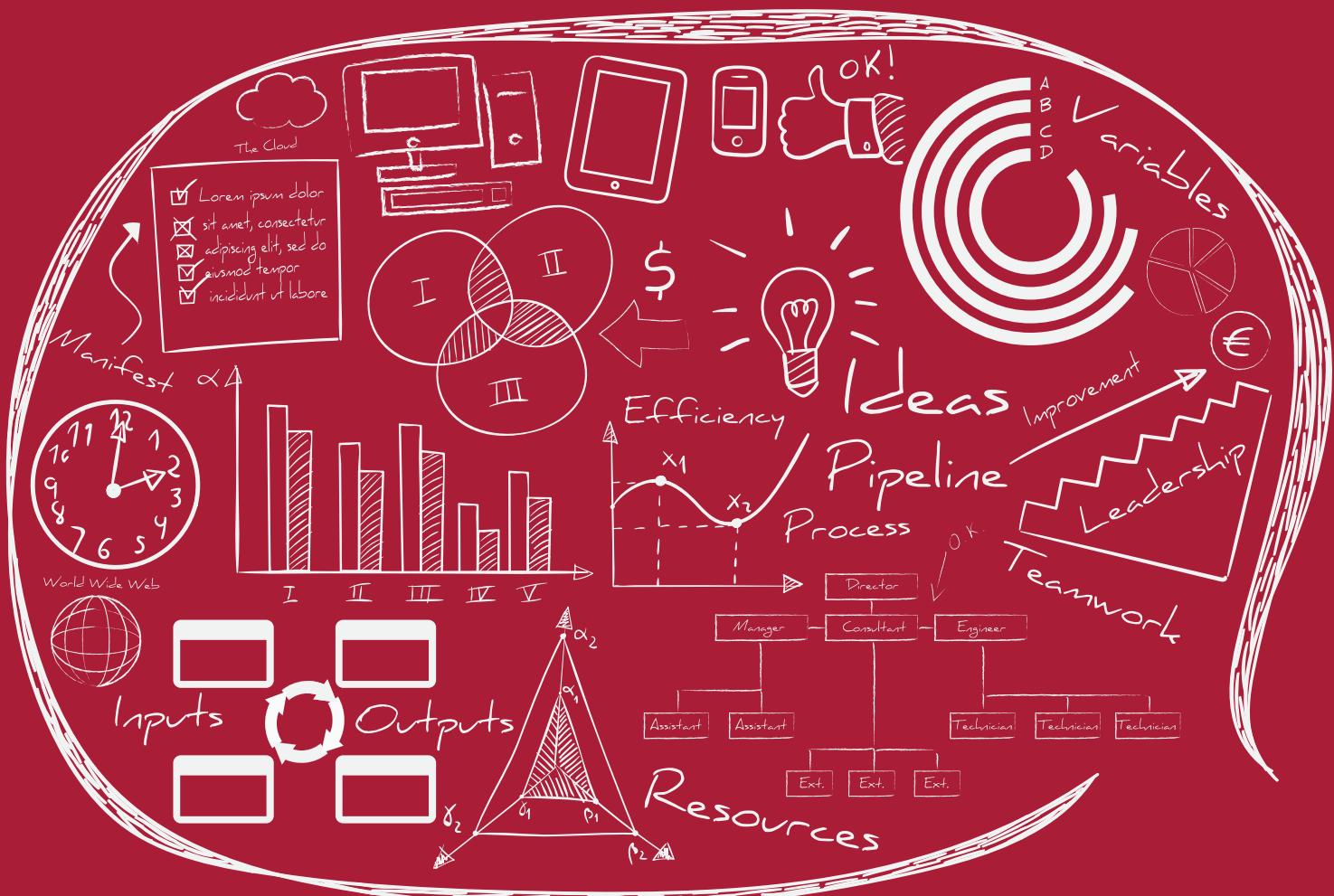
Types of Metrics

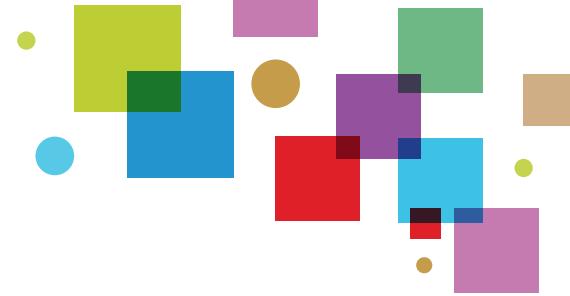
- Marketing metrics
- Sales performance metrics
- Customer success metrics
- Financial metrics



6 Key Principles of High-Quality Metrics

- Correspondence to the corporate strategy and objectives
- KPIs visualization
- Dynamics of the environment is taken into account
- Relevance for decision-making process
- Accounting simplicity
- Openness to the changes





Basic Inbound & Outbound Marketing Metrics

RROMI (Return on Marketing Investment)

Formula: $ROMI = LTV \text{ (Lifetime Value)} - CAC \text{ (one customer acquisition cost)} / CAC \text{ (one customer acquisition cost)}$

CAC (Customer Acquisition Cost)

Formula: $CAC = \text{New customer acquisition cost} / \text{number of new customers acquired}$

LCV (Lifetime Customer Value)

Formula: $LCV = \text{Total revenue (or profit) the customer generates over the entire history of the customer's relationship with a company}$

LA (Lead Attribution)

Differentiation of the lead generation channels based on specific attributes (website, blog, social media, workshops etc.)

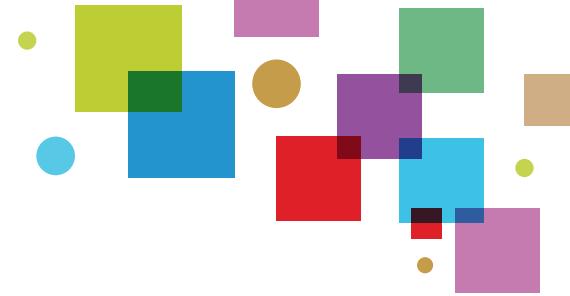
CPL (Cost-Per-Lead)

Formula: $CPL = \text{Budget of the marketing expenses in the channel} / \text{Number of leads acquired in the channel over the period}$

LCR (Lead Conversion Rate)

Formula: $LCR = \text{Number of new customers} / \text{Number of leads}$





Sales Metrics

Average Order Value

Formula: Average Order Value = Profit over the period / Number of buyers

Average Purchase Frequency per customer

Formula: Average Purchase Frequency per customer = Number of purchases / Number of active customers (over the period)

Average Customer Profitability

Formula: Average Customer Profitability = Total amount of profit / Number of active customers (over the period)

Cross-sale %

Formula: Cross-Sell (%) = Volume of additional sales of another product / Total sales (to the existing customer over the period)

Upsale %

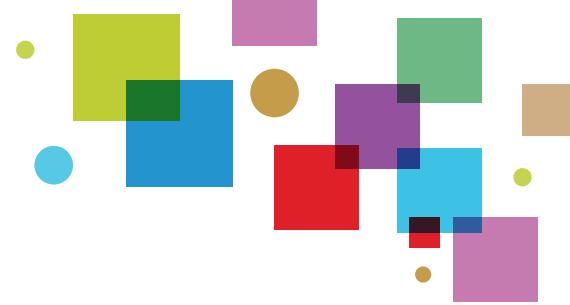
Formula: Upsale (%) = Volume of additional sales of similar product / Total sales (to the existing customer over the period)

RR (Retention Rate)

Formula: Retention Rate (over the period) = Number of retained customers / Total number of customers over the period

CR (Churn Rate)

Formula: CR = Number of churned customers / Total number of customers over the period



Customer Success/Loyalty Metrics

NPS (Net Promoter Score)

Key question: On a scale of 0-10, how likely are you to recommend the company/product to a friend or colleague, and why? (as of the date or over the period)

The answers are then classified as follows:

9-10 — Promoters of the product/brand

7-8 — Passives

0-6 — Detractors

Formula: NPS (Net Promoter Score) = (Number of Promoters - Number of Detractors) / (Number of Respondents)

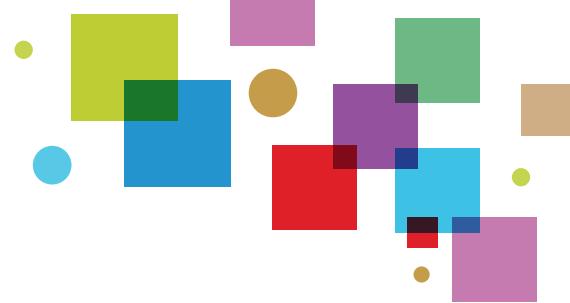
CSI (Customer Satisfaction Index) (as of the date, over the period)

Calculation Stages:

- 1) Identification of evaluation criteria and definition of their weighting parameters (in percentage terms against other criteria)
- 2) Calculation of weighted CSI according to the following formula:

Formula: CSI = Number of criteria which match the expectations x weighting parameters / Number of chosen evaluation criteria





Financial Metrics

ROI (Return on Investment)

Formula: $ROI = \text{Gross profit (loss)} / \text{Total investment}$

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)

Formula: $EBITDA = \text{Net income} + \text{Interest} + \text{Taxes} + \text{Depreciation} + \text{Amortization}$

ARR/MRR (Annual / Monthly Recurring Revenue)

Formula: $\text{Baseline MRR} + \text{Gained MRR} - \text{Lost MRR} = \text{True MRR}$

