








What are the top 3
lagging indicators of business
health?



What are the top 3-5
leading indicators that move
them?

		W-L	PCT	GB	CONF	DIV	STRK
1	 Suns	18-3	.857	0	13-3	3-1	W17
2	 Warriors	18-3	.857	0	10-2	4-1	L1
3	 Jazz	14-7	.667	4	9-2	4-0	W2
4	 Mavericks	11-9	.550	6.5	9-4	6-0	W1
5	 Grizzlies	11-10	.524	7	9-5	1-1	W2
6	 Lakers	12-11	.522	7	6-7	1-3	W2
6	 Clippers	11-10	.524	7	8-8	0-2	L2



Checklist for a good scorecard measurable

- ☐ Provides a meaningful indicator of how your business is doing
- ☐ 80% of your scorecard is “leading indicators” that predicts success
- ☐ Guides goal setting and decision making
- ☐ Allows you to measure what’s most important to your business
- ☐ Can be delegated to one directly responsible individual
- ☐ Motivates meaningful action on a daily and weekly basis

Use this tool to kickstart your thinking

- Revenue, Profit, and Cost of Goods Sold (COGS) are always healthy to track monthly and quarterly
- Your exact needs may vary
- Our goal is to build value in your business
- Use the checklist that follows to assess ideas
- Use the last page to keep a list of measurables that appeal to you

34 Sample Measurables

from proven growth leaders

Business Health Part 1

MEASURABLE/KPI	WHAT IT TELLS YOU	CALCULATION	RHYTHM	ACTIONS
Net Promoter Score	Happiness of your customers	Promoters minus detractors	Quarterly or semi-annually	Figure out what customers expect and deliver to that
Quality of Service	How well we do our job for customers	Varies: SLA based, response time, time to resolution, etc.	Daily or even continuously	Monitor and manage the deliverable
EBITDA	The best indication of total enterprise value and the leading indicator of operating cash flow	Accrual basis GAAP revenue less all expenses, plus interest, taxes, depreciation, and amortization	Monthly	To improve EBITDA, grow revenue and control costs
New MRR added	How well we are growing; productivity of our marketing and sales investments	MRR added from new business	Monthly	All the things we do to grow top line: increase volume or increase price
Employee Net Promoter Score	Happiness of staff, effectiveness of leadership	Promoters minus detractors	Semi-annually or annually	Aligning company vision with team members
Churn	Customer satisfaction or the value of the offering	Dollars in MRR lost to attrition	Monthly	Learn what customers expect and find a way to deliver it



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Business Health Part 2

MEASURABLE/KPI	WHAT IT TELLS YOU	CALCULATION	RHYTHM	ACTIONS
Customer Acquisition Cost (CAC)	Marketing and sales effectiveness, cost of growth, capital requirements	Sales and marketing expenses divided by number or value of new customers won	Quarterly	Measure this vs the next metric or against peers
Customer Lifetime Value	How much can we afford to spend to win a customer	Average revenue per customer times average duration customers stay	Quarterly	Should be a multiple of CAC, if it's not the business model is not healthy.
MRR in the Pipeline	Informs growth forecasts	MRR in the prospect pipeline	Weekly or monthly	Adjustments to marketing and selling processes
Days Sales Outstanding in Accounts Receivable (AR)	Customer satisfaction and the effectiveness of our collection processes	AR divided by monthly revenue times 30	Monthly	Improve customer sat or the effectiveness of our collection processes
Days Sales in Working Capital	Liquidity	AR plus cash minus AP divided by monthly revenue times 30	Monthly	Informs future liquidity, i.e. do we have sufficient cash
Debt Coverage	EBITDA divided by debt service cost	Monthly	Can we support our debt	If lower than 2, be careful about increasing debt

Notes from the CRO

- Measure the activities that produce outcomes
- Be clear on your runway... aka your cliff. For services companies, this is the point at which your project work stops giving you money.
- Remember: make it fun. Don't get caught obsessing about how to score something like ConnectPoints™ - instead use these numbers to motivate you to make things enjoyable and less like work.

CRO Scorecard Part 1

MEASURABLE/KPI	WHAT IT TELLS YOU	RHYTHM	ACTIONS
Points	Do you have enough of the right activities to expect growth?	Weekly, Monthly, Quarterly, Annually	Become aware of what you are doing to generate growth.
Meetings	How well are your activities getting you to conversations?	Weekly, Monthly, Quarterly, Annually	Adjust your activities to create more meeting.
Proposals	Are you getting enough opportunities given your goals?	Weekly, Monthly, Quarterly, Annually	Adjust your meetings and process to create more proposals to well qualified leads.
Number of Deals	Is the rest of your process set up to help the right people, at the right time, with the right services?	Weekly, Monthly, Quarterly, Annually	Improve your process, your pitch, or your volume/quality of points
Wins/Losses	Same as above.	Weekly, Monthly, Quarterly, Annually	Same as above
Deals by Stage	Where are our conversations in terms of our sales process?	Weekly, Monthly, Quarterly, Annually	Learn what can be done to improve your process.



CRO Scorecard Part 2

MEASURABLE/KPI

WHAT IT TELLS YOU

RHYTHM

ACTIONS

Total Pipeline

Marketing and sales effectiveness, cost of growth, capital requirements

Weekly, Monthly, Quarterly, Annually

Ramp up activities

Weighted Average Pipeline

Am continuing to feed the business? How much revenue can I expect in the future; When do I need to hustle to catch up, when do I need to build capacity.

Weekly, Monthly, Quarterly, Annually

Do a “deal storm” to get the number above your 90-day forecast; take other actions as appropriate

90-Day Forecast

Am continuing to feed the business? How much revenue can I expect in the future; When do I need to hustle to catch up, when do I need to build capacity.

Weekly, Monthly, Quarterly, Annually

Manage risk; ensure growth

Gap

Learn more at www.theconnectpoints.com

Weekly, Monthly, Quarterly, Annually

Manage risk; ensure growth

Net Connector Score

How many and what activities you need to hit your revenue targets

Weekly, Monthly, Quarterly, Annually

Manage risk; ensure growth



Notes from Ops re: Your Measurables and KPIs

- If you are dealing with support requests, whether from internal or external customers, get service level agreements (“SLA’s”) in place
- If at all possible, create a measurable to respond to all support requests within 24 hours, even if it’s to say “we received this, here’s what to expect” - include a simple explanation of your SLAs.
- Set targets of zero requests outside of SLA and track weekly.
- When you are off course in your tracking, log it as an issue and drill into the root cause during your weekly team meeting
- If you are taking over a huge backlog of requests, set measurables around response times to requests after a certain date, and a separate measurable you can use to start to work through the backlog
- Use the rest of the sections to jump start ideas for operational and function area Measurables.

Ops Scorecards Part 1

MEASURABLE/KPI

WHAT IT TELLS YOU

RHYTHM

ACTIONS

Priority 1 requests > SLA

Are you meeting your service level agreement for top priority (urgent and important) requests? This is a count of how many open requests are past their SLA period.

Weekly, Monthly, Quarterly, Annually

Look for patterns when you miss your target; ensure you have a simple checklist for determining priority.

Communicate early and often with requestors about what's happening and what to expect. Charter a project to address them in batches.

Priority 2 requests > SLA

Are you meeting your service level agreement for important requests (that are not urgent)? This is a count of how many open requests are past their SLA period.

Weekly, Monthly, Quarterly, Annually

Customer Satisfaction /week (internal)

For closed requests during the week, how satisfied were your internal customers?

Weekly, Monthly, Quarterly, Annually

Talk to customers and find out what actions make them feel loved and respected.

% requests with 1 day response

How many requests came in that got a personalized response that made the requestor feel heard? Even if those requests were to say "we'll review this and reach back out".

Weekly, Monthly, Quarterly, Annually

Find ways to blend automated responses with responses that feel personalized and human.

Revenue per employee

How much money each worker helps the company bring in - it's a way to measure if the company is using its people effectively to generate revenue.

Monthly, Quarterly, Annually

Focus activity, track measurables.

Profit per employee

How much money each worker helps the company make - it's a way to measure if the company is using its people effectively to generate profits.

Monthly, Quarterly, Annually

Focus activity, track measurables.

Ops Scorecards Part 2

MEASURABLE/KPI	WHAT IT TELLS YOU	RHYTHM	NOTES
Cost per support touch (or cost per ticket)	How your customer interacts with you, and your costs. In theory, you want to hit 0.	Monthly, Quarterly, Annually	Calculation is (total CX financial costs) divided by (total manual customer support touches). Total CX financial costs must include any costs associated with providing a customer experience. This includes direct costs like CX support staff, software costs, internal tools maintenance, non-CX teams helping build any processes or tools etc Total Customer support touches is anytime a team member answers a question of a customer. 1 question = 1 touch. So in a ZD thread of 5 questions from a customer, thats 5 touches.
Cash Conversion Cycle	How long it takes a company to convert a dollar invested in inventory into cash received from customers.	Monthly, Quarterly, Annually	It's expressed as a number of days. The formula for operating cycle is: Days inventory outstanding + Days sales outstanding
Total of [marketing] expenses divided revenue	How much of our budget is going into a given function compared to revenue.	Weekly, Monthly, Quarterly, Annually	This can work for any expense category. This can be funky cause as you get bigger, marketing expenses for example should go higher; This actually forces you as an operator to spend more as you get more revenue.
Employee NPS (eNPS)	How likely employees are to recommend their workplace to others - it reveals overall employee satisfaction and can predict turnover risks.	Semi-Annually	Like net promoter score, but for your people. Google this one for ideas and insights.

Scorecard for SAAS from “Pirate Metrics”

MEASURABLE/KPI	WHAT IT TELLS YOU	RHYTHM
Acquisition / Week	Shows how many new users you're getting - measures if people are finding and signing up for your product.	Monthly, Quarterly, Annually
Activation / Week	Reveals how many new users actually start using your product meaningfully - shows if people "get" your product's value.	Weekly, Monthly, Quarterly, Annually
Retention /Week	Tracks how many users keep coming back - indicates if your product is truly useful and sticky.	Weekly, Monthly, Quarterly, Annually
Revenue / Week	Measures how well you're converting users into paying customers - shows if people think your product is worth paying for.	Weekly, Monthly, Quarterly, Annually
Referrals /Week	Shows how many users recommend your product to others - indicates if people love your product enough to tell friends.	Weekly, Monthly, Quarterly, Annually