

12 KPI's for Every Start-Up!

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Running a start-up requires an obsessive focus on KPI's. Phil Nadel identified 12 key KPI's.



12 KPI's for every start-up:

- **Customer acquisition cost (CAC).** CAC is the amount of money you need to spend on sales, marketing and related expenses, on average, to acquire a new customer. This measures **marketing efficiency**.
- **Customer retention rate/churn rate.** Retention rate is the percentage of paying customers that remain a customer. High retention rate indicates the **product's stickiness** with customer to converse is the churn rate.
- **Lifetime value (LTV)** is the measurement of the net value of an average customer to your business over the estimated life of the relationship with your company. Measures the **sustainability** of the company.
- **Golden metric or CAC/LTV ratio.** How much investment does it take to acquire a customer compared how much revenue will that customer generate. Measures **business efficiency**.
- **CAC recovery time.** How long it takes for a customer to generate enough net revenue to cover the CAC. CAC recovery time has a direct impact on cash flow and, consequentially, **runway**.
- **Overhead.** What the companies fixed costs and reflects the capital efficiency. How many expenses have **no direct link with the good sold**.
- **Monthly burn or burn rate.** This is simply the net amount of cash flow for a month when net cash flow is negative. How much cash is **flowing out** the company in the **early investment period**.
- **Runway.** Runway is the measure of the amount of time until the company runs out of cash, expressed in terms of months. Expressed as remaining cash over burn rate. **Preferably in the range of 12-18 months**.
- **Profit margin and Return on Investment (ROI).** How much profit is generate. This is an indicator of **scalability and sustainability**.
- **Conversion rate.** How many prospects are turned into customers. How many marketing contacts are

turned into sales. Measures **business process efficiency**.

- **Gross Merchandise Volume (GMV)**. GMV is the overall dollar value of sales of goods or services purchased through a marketplace. Measures the companies **growth potential**.
- **Monthly Active Users (MAU)**. MAU is the number of unique users who engage with the site or app in a 30-day period. Helps to determine the **revenue potential**. How good is the company in the monetization of its business.

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