Financial Metrics

1. **Profit**: This goes without saying, but it is still important to note, as this is one of the most important performance indicators out there. Don't forget to analyze both gross and net profit margin to better understand how successful your organization is at generating a high return.
2. **Cost**: Measure cost effectiveness and find the best ways to reduce and manage your costs.
3. **LOB Revenue Vs. Target**: This is a comparison between your actual revenue and your projected revenue. Charting and analyzing the discrepancies between these two numbers will help you identify how your department is performing.
4. **Cost Of Goods Sold**: By tallying all production costs for the product your company is selling, you can get a better idea of both what your product markup should look like and your actual profit margin. This information is key in determining how to outsell your competition.
5. **Day Sales Outstanding (DSO)**: Take your accounts receivable and divide them by the number of total credit sales. Take that number and multiply it by the number of days in the time frame you are examining. Congratulations—you've just come up with your DSO number! The lower the number, the better your organization is doing at collecting accounts receivable. Run this formula every month, quarter, or year to see how you are improving.
6. **Sales By Region**: Through analyzing which regions are meeting sales objectives, you can provide better feedback for underperforming regions.
7. **LOB Expenses Vs. Budget**: Compare your actual overhead with your forecasted budget. Understanding where you deviated from your plan can help you create a more effective departmental budget in the future.

Customer Metrics

8. **Customer Lifetime Value (CLV)**: Minimizing cost isn't the only (or the best) way to optimize your customer acquisition. CLV helps you look at the value your organization is getting from a long-term customer relationship. Use this performance indicator to narrow down which channel helps you gain the best customers for the best price.
9. **Customer Acquisition Cost (CAC)**: Divide your total acquisition costs by the number of new customers in the time frame you're examining. Voila! You have found your CAC. This is considered one of the most important metrics in e-commerce because it can help you evaluate the cost effectiveness of your marketing campaigns.
10. **Customer Satisfaction & Retention**: On the surface, this is simple: Make the customer happy and they will continue to be your customer. Many firms argue, however, that this is more for shareholder value than it is for the

customers themselves. You can use multiple performance indicators to measure CSR, including customer satisfaction scores and percentage of customers repeating a purchase.

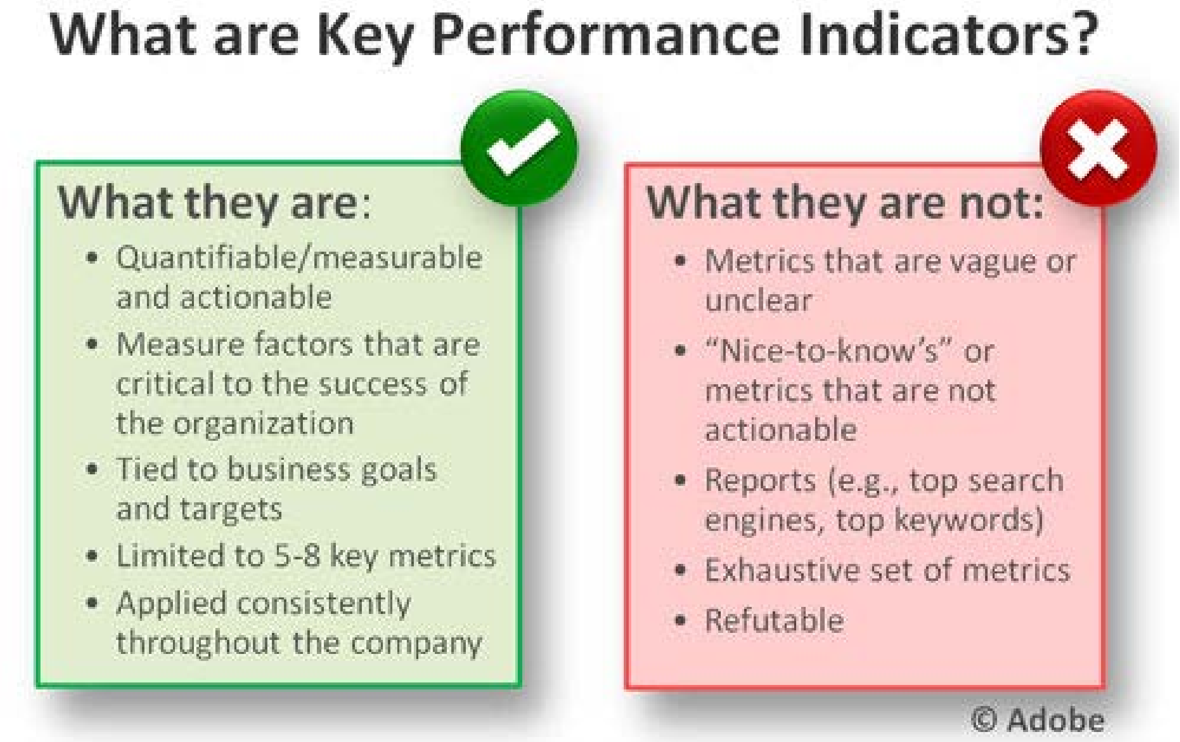
11. **Net Promoter Score (NPS)**: Finding out your NPS is one of the best ways to indicate long-term company growth. To determine your NPS score, send out quarterly surveys to your customers to see how likely it is that they'll recommend your organization to someone they know. Establish a baseline with your first survey and put measures in place that will help those numbers grow quarter to quarter.
12. **Number Of Customers**: Similar to profit, this performance indicator is fairly straightforward. By determining the number of customers you've gained and lost, you can further understand whether or not you are meeting your customers' needs.

Process Metrics

13. **Customer Support Tickets**: Analysis of the number of new tickets, the number of resolved tickets, and resolution time will help you create the best customer service department in your industry.
14. **Percentage Of Product Defects**: Take the number of defective units and divide it by the total number of units produced in the time frame you're examining. This will give you the percentage of defective products. Clearly, the lower you can get this number, the better.
15. **LOB Efficiency Measure**: Efficiency can be measured differently in every industry. Let's use the manufacturing industry as an example. You can measure your organization's efficiency by analyzing how many units you have produced every hour, and what percentage of time your plant was up and running.

People Metrics

16. **Employee Turnover Rate (ETR)**: To determine your ETR, take the number of employees who have departed the company and divide it by the average number of employees. If you have a high ETR, spend some time examining your workplace culture, employment packages, and work environment.
17. **Percentage Of Response To Open Positions**: When you have a high percentage of qualified applicants apply for your open job positions, you know you are doing a good job maximizing exposure to the right job seekers. This will lead to an increase in interviewees, as well.
18. **Employee Satisfaction**: Happy employees are going to work harder—it's as simple as that. Measuring your employee satisfaction through surveys and other metrics is vital to your departmental and organizational health.


What are Key Performance Indicators?
What they are:
• Quantifiable/measurable and actionable
• Measure factors that are critical to the success of the organization
• Tied to business goals and targets
• Limited to 5-8 key metrics
• Applied consistently throughout the company
What they are not:
• Metrics that are vague or unclear
• "Nice-to-know's" or metrics that are not actionable
• Reports (e.g., top search engines, top keywords)
• Exhaustive set of metrics
• Refutable
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