



**Nancy Proffitt**

Proffitt Management  
Solutions  
326 Maddock St.  
West Palm Beach, FL  
[www.ProffittManagement.com](http://www.ProffittManagement.com)

561-582-6060  
[info@proffittmanagement.com](mailto:info@proffittmanagement.com)

## 5 IMPORTANT METRICS EVERY SMALL BUSINESS OWNER SHOULD TRACK

If you want to take your business to the next level, you need a clear understanding of what's going on. This comes down to tracking the right metrics so you have solid data to make informed decisions.

*“In God we trust; all others bring data.”*  
— W. Edwards Deming

Here is a list of important metrics for small businesses to track.

### SALES REVENUE

Sales revenue is the amount of money you're generating in sales minus returns. Tracking this metric on a monthly and annual basis will tell you whether your sales are increasing or decreasing so you can take action accordingly.

Reviewing your sales annually will tell you whether your business is growing since the previous year and will help you identify slow periods and busy seasons so you can prepare yourself for your cashflow situation. Tracking your monthly sales revenue can also help you identify which marketing and advertising strategies are successful.

### ALL EXPENSES

Keeping track of your small business sales revenue is great, but without knowing your expenses, you won't know your monthly profit. You could be killing it in sales but if your monthly overhead expenses, cost of staff, or increased project expenses are more than your sales revenue, you won't be able to stay in business for very long.

Keep track of all your monthly overhead expenses and don't leave anything out. This includes your rent, how much your employees/contractors are, supplies, internet, maintenance for IT, etc.

## PROFIT MARGIN

Once you know your total revenue and expenses, you can calculate your monthly profit to know how much money you're really making. If your profit margins are low, you can either increase sales or reduce expenses.

Without tracking your monthly profit, you could be blindly racking up expenses that are causing your business to lose money or just barely break even. It's a good idea to track this metric on a monthly, quarterly, and annual basis to get an overall picture.

## CPA (COST PER ACQUISITION)

Your cost per acquisition is how much it costs you on average to obtain a new customer. To calculate your cost per acquisition, take the total amount of sales and marketing over a period of time and divide by the number of new customers in that time frame. This business metric should be tracked monthly, quarterly, and annually.

Keep in mind that your total sales and marketing should also include cost of staff, commissions, and all overhead sales and marketing costs. Even if all your business is referrals and word of mouth, there is still a cost per acquisition because you're paying staff to meet with potential clients, sending proposals, etc.

If you're still unsure about calculating CPA, there's a blog post on Pear Analytics that goes into the details of How To Measure Cost Per Acquisition.

## NPS (NET PROMOTER SCORE)

Your NPS (Net Promoter Score) tells you how happy your customers are and whether they are advocates or detractors of your business. Your NPS score is calculated by subtracting the percentage of detractors from the percentage of your promoters.

To figure out your detractors from your promoters, ask your customers on a scale of 1-10 how likely they are to recommend your brand to others. Those that rate you a 9 or 10 are promoters and advocates of your brand. Those that rate you 7-8 are satisfied but still have the possibility of being persuaded by a competitor, and those that rate

## A message from Nancy...

Let me ask you:

- Are the people on your team engaged and committed or just collecting a pay check?
- Do you have the right people in the right seats on the bus? Are you in the right seat?
- Is the high cost of turnover eating away your organization's bottom-line?
- Are your processes and procedures (or lack thereof) delivering productive and efficient results?
- How comfortable are the members of your senior team managing and leading others?

In today's highly competitive environment, it's no surprise that "what got you here may not get you there."

At Proffitt Management Solutions we are fully committed to providing a unique blend of team and individual development and executive coaching sessions where participants achieve more focus, a sense of purpose, and better results in their leadership roles.

Find out how services such as individual or team coaching and development, motivational and skills workshops, seminars may help you better answer those 5 questions and benefit you...

you 1-6 are detractors. It's best to do this via anonymous surveys so that your customers' answers are honest.

According to Net Promoter Network, there has been extensive research suggesting your NPS score is a leading indicator of growth. The higher your NPS score, the more evangelists you have of your business and the more people will spread the word about your business.

Businesses need to be always changing and improving to grow. By keeping a close eye on these metrics, you'll have an indication as to which areas of your business need your attention most. You can then make educated decisions and adjustments to continue to improve.

If you're not reviewing metrics regularly you're left to go on hunches, and hunches aren't accurate.