

The small business guide to KPIs

Learn how to measure what drives your business



Why KPIs matter now more than ever

The way we do business has transformed dramatically over the past decade. Even what worked just a few years ago simply isn't enough to stay competitive today. Three major forces are reshaping how successful businesses operate:

- **Technology integration** and the resulting need for enhanced security.
- **Accelerated innovation cycles** requiring faster adaptation.
- **Remote and hybrid work models** changing how teams collaborate.

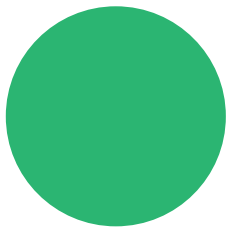
These factors haven't just changed how we operate—they've completely shifted employee and customer dynamics, creating both challenges and opportunities for small businesses ready to adapt.

As the saying goes, "What gets measured, gets managed." Understanding which metrics to monitor and how to use them effectively can be the difference between simply surviving and truly thriving.

In this eBook, discover:

- An index of essential and new KPIs.
- How to select which KPIs your business must track.
- The best apps and tools for tracking your KPIs.

Let's get measuring...



Understanding traditional and new KPIs

What exactly is a KPI?

Key Performance Indicators (KPIs) are quantifiable measurements that help you evaluate success against your strategic and operational goals. Think of them as your business's vital signs—they tell you if you're healthy, improving, or facing potential problems.

The right KPIs will:

- Align with your specific business goals.
- Provide actionable insights.
- Focus your team on what truly matters.
- Help you make better, data-driven decisions.

Next, let's take a look at the definitions of each essential and new KPI, before we help you determine which ones are the best-fit indicator for your business's performance.



The KPI glossary

Traditional and modern metrics essential to small businesses today.

Financial KPIs remain the foundation of business performance measurement:

- **Revenue growth:** Tracks the increase in revenue over a specific period.
- **Net profit margin:** Measures profitability by calculating the percentage of revenue remaining after all expenses.
- **Cash flow:** Monitors the inflow and outflow of cash to ensure liquidity.
- **Customer acquisition cost (CAC):** Calculates the cost of acquiring a new customer, including marketing and sales expenses.
- **Gross margin:** Measures the percentage of revenue remaining after deducting the cost of goods sold.

Operational KPIs monitor the efficiency of your business processes:

- **Inventory turnover:** Tracks how often inventory is sold and replaced.
- **On-time delivery rate:** Measures the percentage of orders delivered on time.
- **Employee productivity:** Assesses output per employee, such as revenue generated or tasks completed.
- **Error or waste rate:** Monitors quality control in your production or service delivery.

Customer KPIs help you understand your relationship with customers:

- **Customer retention rate:** Tracks the percentage of customers who continue to do business with you.
- **Customer satisfaction score:** Measures customer satisfaction through surveys or feedback.
- **Lifetime value of a customer:** Calculates the total revenue a business can expect from a single customer relationship.
- **Net Promoter Score (NPS):** Measures how likely customers are to recommend your business.



Marketing KPIs assess the effectiveness of your marketing efforts:

- **Conversion rate:** Measures the percentage of leads or website visitors who take a desired action.
- **Website traffic:** Tracks the number of visitors to your website over a specific period.
- **Social media engagement:** Monitors likes, shares, comments, and other interactions on social media platforms.
- **Email open and click-through rates:** Evaluates the success of email marketing campaigns.

Growth KPIs focus on business expansion and future potential:

- **Market share:** Measures your business's portion of the total market compared to competitors.
- **New customer growth:** Tracks the number of new customers acquired over time.
- **Expansion success rate:** Evaluates the success of new product launches or market expansions.
- **Sales pipeline velocity:** Measures how quickly leads move through your sales process.

Cybersecurity KPIs help monitor your security posture:

- **Mean time to detect (MTTD):** Average time to identify a cybersecurity threat.
- **Mean time to respond (MTTR):** Average time between detection and resolution.
- **Number of incidents detected:** Volume of security incidents over time.
- **Patch management efficiency:** Percentage of critical vulnerabilities patched within defined timeframes.
- **Security training completion rate:** Percentage of employees completing cybersecurity training.
- **Data encryption coverage:** Percentage of sensitive data encrypted.



Innovation KPIs ensure your business keeps pace with today's fast-moving market:

- **Number of new ideas submitted:** Volume of fresh ideas being proposed.
- **Idea implementation rate:** Percentage of proposed ideas that become reality.
- **Time to market:** How quickly an idea moves from concept to customer.
- **R&D spending as percentage of revenue:** Investment in developing innovative solutions.
- **Revenue from new products/services:** Percentage of revenue from recently developed offerings.

Remote team KPIs measure the effectiveness of your remote or hybrid team:

- **Task completion rate:** Percentage of assigned tasks successfully completed.
- **Project timeline adherence:** How consistently projects meet deadlines.
- **Quality of work:** Measured through reviews, error rates, or client satisfaction.
- **Response time:** Average time to respond to messages or emails.
- **Meeting attendance and participation:** Tracking engagement in virtual meetings.
- **Well-being metrics:**
Monitoring burnout indicators through pulse surveys.



Selecting the right KPIs for your business

Step 1: Start with your business goals

The most effective KPIs directly support your strategic objectives. Begin by clearly defining:

- Your short-term business goals (3-6 months)
- Your medium-term goals (6-18 months)
- Your long-term vision (18+ months)

For each goal, ask: "What measurable result would indicate success?"

Example: If your goal is "improve customer satisfaction," appropriate KPIs might include:

- Customer satisfaction score
- Net Promoter Score
- Customer retention rate
- Number of support tickets opened/resolved

Step 2: Apply the SMART framework

Each KPI you select should be:

- **Specific:** Clearly defined and focused.
- **Measurable:** Quantifiable so you can track progress.
- **Achievable:** Realistic to accomplish given your resources.
- **Relevant:** Directly tied to your business objectives.
- **Time-bound:** Measured within a specific timeframe.

Example: Instead of "increase sales" (too vague), use "increase monthly online sales by 15% within the next quarter".



Step 3: Limit your focus

Avoid KPI overload. Start with 5-7 core KPIs that align most closely with your current business priorities. Too many metrics can be overwhelming and dilute your focus on what matters most.

Step 4: Create your KPI dashboard

Design a visual system to track and display your KPIs:

- Use charts and graphs for at-a-glance understanding.
- Make it accessible to relevant team members.
- Include trend data, not just current values.
- Update automatically where possible.




Tools for tracking your KPIs

Selecting the right applications can make KPI tracking efficient and insightful. Here's how different tools align with different KPI categories:

Traditional or new	Category	Specific KPI	Recommended tools	What it measures	Best for
TRADITIONAL	FINANCIAL	Revenue growth	QuickBooks Online, Xero, Tableau, Power BI	Increase in revenue over time	Businesses focused on tracking growth trajectory
		Net profit margin	QuickBooks Dashboard, FreshBooks, Tableau	Percentage of revenue remaining after expenses	Service businesses monitoring profitability
		Cash flow	QuickBooks Online, Xero, Power BI	Inflow and outflow of cash	Businesses with seasonal fluctuations
		Customer acquisition cost	HubSpot CRM, Salesforce, Databox	Cost of acquiring new customers	Companies with significant marketing spend
		Gross margin	QuickBooks, Xero, Tableau	Percentage of revenue after COGS	Product-based businesses
	CUSTOMER	Customer retention rate	Zoho CRM, HubSpot CRM, Salesforce	Percentage of customers who continue business	Subscription or service-based businesses
		Customer satisfaction	Zoho CRM, HubSpot CRM, SurveyMonkey	Satisfaction via surveys or feedback	Customer-centric businesses
		Lifetime value	HubSpot CRM, Salesforce, Geckoboard	Total revenue expected from customer relationships	Businesses with repeat customers
		Net Promoter Score	Zoho CRM, SurveyMonkey, Qualtrics	Likelihood customers will recommend you	Service businesses and e-commerce

Traditional or new	Category	Specific KPI	Recommended tools	What it measures	Best for
TRADITIONAL	MARKETING	Conversion rate	Google Analytics, HubSpot, Mailchimp	Percentage of leads taking desired action	Online businesses and e-commerce
		Website traffic	Google Analytics, Semrush, Ahrefs	Number of visitors to website	Digital marketing focused businesses
		Social media engagement	Sprout Social, Hootsuite, Buffer	Likes, shares, comments on platforms	Brands with social media presence
		Email performance	Mailchimp, Constant Contact, HubSpot	Open rates and click-through rates	Businesses using email marketing
	OPERATIONAL	Inventory turnover	QuickBooks, Xero, Fishbowl	How often inventory is sold and replenished	Retail and manufacturing businesses
		On-time delivery	Monday.com, ClickUp, Asana	Percentage of orders delivered on time	Businesses that ship products
		Employee productivity	Asana, Monday.com, Time Doctor	Output per employee	Service businesses and agencies
		Error/waste rate	Trello, ClickUp	Quality control in production	Manufacturing and production businesses
	GROWTH	Market share	Power BI, Tableau, industry data	Portion of market compared to competitors	Established businesses in competitive markets
		New customer growth	HubSpot CRM, Salesforce, Zoho CRM	Number of new customers acquired	Businesses focused on expansion
		Expansion success rate	Power BI, Tableau, Klipfolio	Success of new products or market expansions	Multi-product or expanding businesses
		Sales pipeline velocity	Salesforce, HubSpot CRM, Pipedrive	How quickly leads move through sales process	B2B businesses with complex sales cycles



Traditional or new	Category	Specific KPI	Recommended tools	What it measures	Best for
NEW	CYBERSECURITY	Mean time to detect	Splunk, Microsoft Defender	Time to identify cybersecurity threats	Businesses handling sensitive data
		Mean time to respond	Splunk, Microsoft Defender	Time between detection and resolution	Technology dependent businesses
		Security incidents	Bitdefender, Microsoft Defender	Volume of security incidents over time	Online businesses with customer data
		Patch management	Microsoft Defender, Bitdefender	Percentage of vulnerabilities patched	Businesses with multiple software systems
		Security training rate	KnowBe4, Proofpoint	Completion of cybersecurity training	Businesses with sensitive information
		Data encryption	Specialized security solutions	Percentage of sensitive data encrypted	Healthcare, financial, or legal businesses
	INNOVATION	New ideas submitted	Asana, Monday.com, Trello	Volume of ideas proposed	Creative industries and product development
		Implementation Rate	Asana, Monday.com, ClickUp	Percentage of ideas becoming reality	R&D-focused companies
		Time to market	Asana, Monday.com, Gantt charts	Speed from concept to customer	Product-based businesses
		R&D spending ratio	QuickBooks, Xero, custom tracking	Investment in developing innovations	Technology and product companies
		Revenue from new products	QuickBooks, Salesforce	Percentage of revenue from new offerings	Product development companies

Traditional or new	Category	Specific KPI	Recommended tools	What it measures	Best for
NEW	REMOTE TEAM	Task completion rate	Asana, Monday.com, Trello	Percentage of tasks completed on time	Distributed teams
		Project timeline adherence	Asana, Monday.com, ClickUp	Projects meeting deadlines	Project-based businesses
		Quality of work	Client feedback tools, CRMs	Reviews, error rates, client satisfaction	Service businesses
		Response time	Slack Analytics, email analytics	Time to respond to communications	Customer service businesses
		Meeting participation	Zoom analytics, Teams analytics	Engagement in virtual meetings	Collaborative businesses
		Well-being metrics	15Five, Culture Amp	Burnout indicators via surveys	Businesses with remote workers

All-in-one KPI solutions

Tool	Best features	Ideal for
Databox	Combines data from multiple sources	Businesses tracking KPIs across departments
Geckoboard	Creates TV dashboard displays	Offices wanting visible metrics for teams
Klipfolio	Extensive integration options	Businesses with multiple data sources

Implementing your KPI strategy

Creating a KPI implementation plan in 5 steps

1. **Document your selected KPIs:** Create clear definitions, formulas, and data sources.
2. **Assign ownership:** Determine who's responsible for tracking and reporting each KPI.
3. **Set up your tools:** Configure the applications you've selected for tracking.
4. **Establish your review cadence:** Schedule regular reviews (weekly, monthly, quarterly).
5. **Communicate with your team:** Ensure everyone understands the KPIs and their importance.

Best practices for KPI success

Make your KPIs visible by displaying important metrics where your team can see them daily. Celebrate achievements when targets are met, and thoroughly investigate when they're not. Your KPIs should evolve alongside your business—what you measured last year might not be what matters most today.

Most importantly, connect every KPI to specific actions; numbers without follow-through won't improve your business. Remember that measurement is just the starting point—it's what you do with that information that drives real results.

Common KPI pitfalls to avoid

Watch out for vanity metrics that look impressive but don't actually impact your bottom line. Avoid creating conflicting KPIs that force your team to choose between competing priorities, like cutting costs while improving quality.

Don't fall victim to "set-and-forget syndrome" where you establish metrics but never review them. Limit yourself to tracking what truly matters—too many KPIs will overwhelm your team and dilute focus.

Finally, always consider the context behind your numbers; a metric without the story behind it can lead to poor decisions.



Turning measurement into action

KPIs aren't just numbers to track—they're the compass guiding your business decisions. The most successful small businesses use KPIs as a foundation for continuous improvement and strategic planning.

By implementing and monitoring the right KPIs for your specific business, you'll be able to:

- Make confident, data-driven decisions.
- Identify opportunities for growth before competitors.
- Address areas needing improvement quickly.
- Align your team around common goals.

Remember that KPI tracking is a means to an end—the real value comes from the actions you take based on your metrics. Regular review, analysis, and adjustment transform KPI tracking from a reporting exercise into a powerful business advantage.



How your accounting team can help

The ultimate purpose of tracking KPIs is to establish benchmarks that show whether your business is on track to meet its goals. But numbers without insight only tell half the story.

A trusted accounting advisor can help you:

- Set accurate financial goals and establish realistic KPIs.
- Optimize tax strategies to strengthen your financial position.
- Regularly review performance against benchmarks.
- Identify concerning trends before they become problems.
- Adapt quickly to changing market conditions.

One of the greatest benefits of working with our team? We'll help you identify trends or potential problems as early as possible—helping you avoid financial issues before they impact your business and keeping your goals within reach.

Need help selecting and monitoring the KPIs?

Contact us today! Simply click the **GET IN TOUCH** button on our website and complete the brief form. Remember, we are here to help.

