



ANGEL CAPITAL ASSOCIATION

Measures and Metrics for Early Stage Company Growth

August 24, 2016



- Use chat to submit questions
- Yes, you'll get the slides
- We're recorded, so come back and listen again

- Mission: Fuel the success of angel groups and accredited individuals active in in the early-stage landscape
- World's largest trade group for angel investors
 - 220+ angel groups
 - 13,000 accredited investors
 - Voice of accredited individuals, portals, and family offices
- 50 US states + Canada
- Research/ education partner



ACA MEMBER GROUPS



LIFE SCIENCE ANGELS



ACA MEMBER PLATFORMS



ACA PARTNERS



Measures and Metrics

Presented by Professor Jana Matthews

*ANZ Chair in Business Growth
Director, Centre for Business Growth
University of South Australia*



University of
South Australia

Centre for
Business Growth



University of
South Australia

Business
School

*One of Australia's premier business schools
Internationally recognized for its achievements
Top 1% in the world*

Dr Jana Matthews

- ANZ Chair Business Growth at UniSA
- Director of Centre for Business Growth
- Co-author of 8 books, including
 - **Leading at the Speed of Growth**
 - **Building the Awesome Organization**
 - **Lessons from the Edge**
 - **Big Fast Growth**
- Founding team of Kauffman Center for Entrepreneurial Leadership
- Co-founded five companies
- Growth consultant/mentor to hundreds of companies all over the world
- Doctorate from Harvard University



A light gray world map is visible in the background. Several blue squares are placed at various geographical locations, including Europe, North America, and Asia, suggesting a global presence or focus.

**Work with CEOs and
Executive Teams,
around the world,
helping them unlock
growth potential.**

In 24 months

Presented to

1700+
companies

Worked with

150+
companies

Programs Helped

91%
CEOs identify
opportunities for
growth



University of
South Australia

Centre for
Business Growth

CEOs who
would recommend our
programs to other CEOs
who want to grow!

99.5%

Net Promoter Score



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Measures and Metrics – why bother?



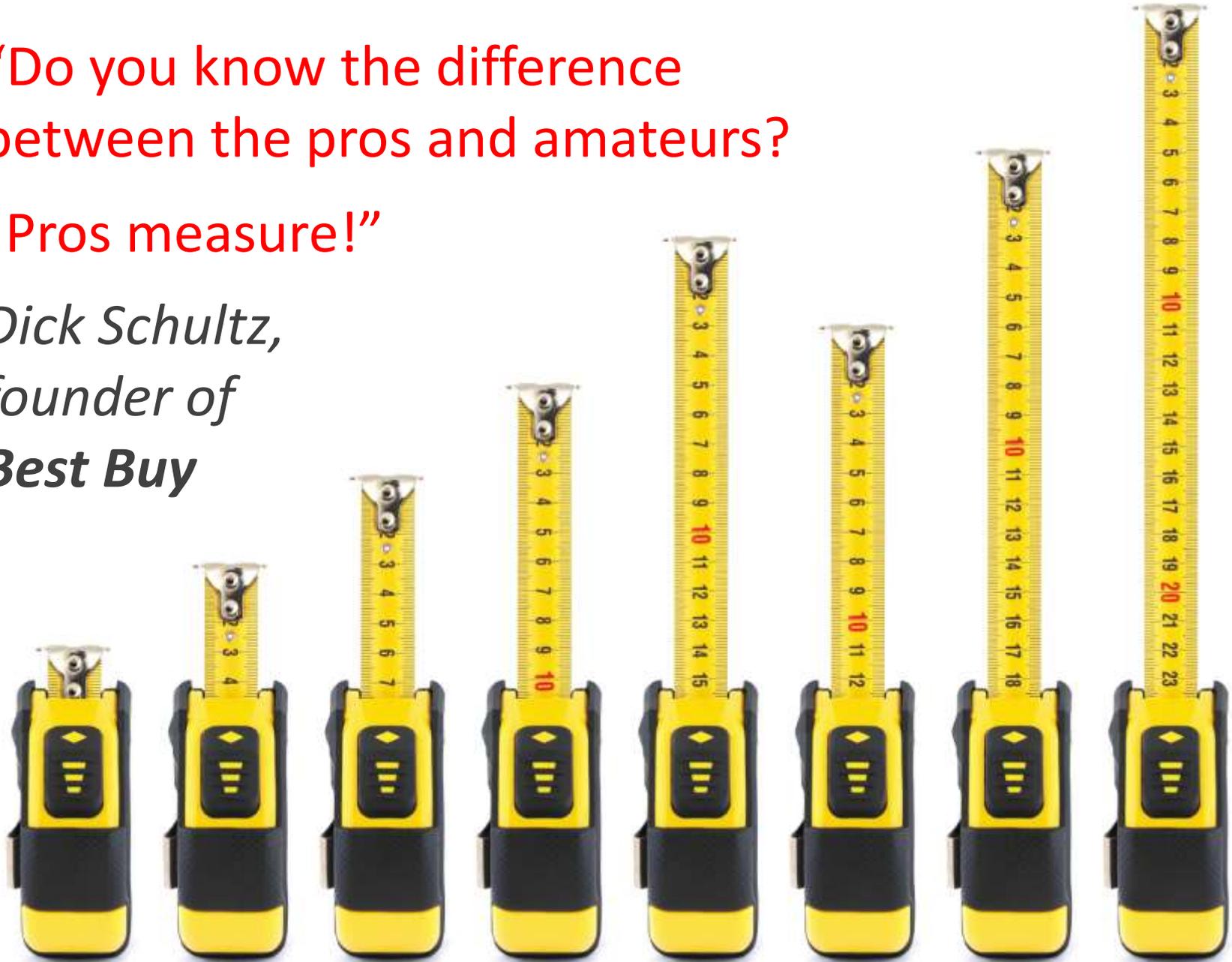
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“Do you know the difference
between the pros and amateurs?”

Pros measure!”

*Dick Schultz,
founder of
Best Buy*





**Easy to measure –
simple metric**

**More complex metrics
are harder to measure**



“If you don’t measure, you don’t know what’s working, what needs improvement, which employees are performing extraordinarily, and whose performance to reward.”



*Dick Schultz,
founder of **Best
Buy***

Three Kinds of Measures



Three Kinds of Measures

- Activity: Work being done
- Productivity: More work/time
- Outcomes: Results of work

Activity Measures: Work being done

Joe's goal was to contact 100 prospects. He made 20 phone calls/day. ($20 \times 5 = 100$ prospects contacted)

Productivity Measures: More activity/same period of time

Joe used the new CRM system and made 30 calls/day ($30 \times 5 = 150$ prospects contacted)- a 50% increase in productivity

Outcomes Measures: Results of work

Sue made 20 phone calls/day to prospects and signed 10 new customers. ($20 \times 5 = 100$) Ratio of calls to sales: 10:1



Key Performance Measures

CBG Knowledge Framework for Growth

Building an Organization

How to build an organization that represents your values but can operate without you

Financing Growth

When to take on debt or equity, from whom, under what conditions

Managing People

How to keep growing as a leader and persevere throughout your whole life

Marketing & Sales

Who to sell to, at what price, using which channels

Products & Services

What to sell and how to design it, develop and manufacture it

Externalities

Tracking things that impact your business over which you have no control

STRATEGY

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Products & Services

Activity Measure	Productivity Measure	Outcome Measure
<p>Numbers of boxes to be loaded on a truck/day.</p> <p>Numbers of design changes processed each week.</p> <p>Numbers of customer complaints received each month.</p>	<p>Additional boxes loaded on a truck per day by using a forklift.</p> <p>Time saved by implementing a time stamp on design changes</p> <p>Reduction in customer complaints from FAQ on website</p>	<p>Additional revenue associated with each extra box loaded on truck</p> <p>Reduction of errors by having everyone use most recent version of design, stored in the cloud.</p> <p>Staff time/expense saved by not having to answer customer complaints AND more satisfied customers</p>

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Marketing & Sales

Activity Measure	Productivity Measure	Outcome Measure
<p># visitors registered for event</p> <p># discrete visitors coming to your website</p> <p># media mentions of product or company</p>	<p>Increase in number of registrants after 1, 2, or 3 reminders</p> <p>Decrease in time it takes customers to place an order</p> <p>Increase in amount of time visitors spend on website after UX refresh</p>	<p>Increase in % who register and attend event</p> <p># customers who would recommend this product to others (NPS)</p> <p>Increase in numbers of products purchased after UX refresh</p>

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Externalities

Activity Measure	Productivity Measure	Outcome Measure
<p>Interest rate increase</p> <p>Changes in exchange rates in countries where we do business</p> <p>Increasing cost of electricity</p>	<p>Review/reduce costs to pay back loan/borrow less</p> <p>Better prediction and hedging re export contracts</p> <p>Store energy when cheap and use during peak loads</p>	<p>Reduction in loans or interest paid</p> <p>Profit increased if rates did not change</p> <p>Energy costs, as % of budget, decrease over time.</p>

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Activity Measure	Productivity Measure	Outcome Measure
<p>Revenue generated this month</p> <p>Numbers of customers who are late paying</p> <p>Time required to close sales</p>	<p>Increased revenue/employee</p> <p>Reduction in time between invoicing and receiving payment</p> <p>% of sales with recurring revenue</p>	<p>Profitability increases</p> <p>Loan amounts required to cover cash flow</p> <p>Company valuation increases</p>

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Building an Organization

Activity Measure	Productivity Measure	Outcome Measure
<p>Numbers of employees hired</p> <p>Number of RFPs sent to vendors re bidding on an IT contract</p> <p>Amount of time spent on Health and Safety training</p>	<p>Reduced # accounting staff needed after migrating to Xero</p> <p>How quickly/easily the team picks a winning proposal</p> <p>Numbers of employees who stop smoking after a “quit smoking” course</p>	<p>Level of satisfaction with system</p> <p>IT system installed on time and within budget</p> <p>Decrease in numbers of employee sick days</p>

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Managing Me

Activity Measure	Productivity Measure	Outcome Measure
<p>Numbers of week-ends I do no business work</p> <p>Numbers of times I exercise per week</p> <p>Numbers of personal bills to be paid each month</p>	<p>Decreasing number of disagreements with spouse</p> <p>Pounds/inches lost as a result of exercise</p> <p>Time saved by using auto-debit to pay recurring bills</p>	<p>Increase in family happiness/satisfaction</p> <p>Look better and feel better; compliments</p> <p>Bills paid on time increase credit rating</p>

Metrics:

A standard to measure against

- 100 calls to get 10 customers = 10:1
- Response rate of of 2% for mail-outs
- # patients receiving wrong meds/hospital
- % of products returned
- Net Promoter Score

What are your company's key metrics?

You must **MEASURE** and develop your **METRICS**

- Goals each week should include a measure (activity or outcome, preferably both)



You must **MEASURE** and develop your **METRICS**

- Measure everything to determine what metrics are relevant to your company so you can estimate
 - Sales cycle, i.e., length of time to close a sale
 - Which marketing activities provide the most traction re raising awareness, generating leads, converting prospects
 - Number of hours required to accomplish a task?





Create a Dashboard

- Petrol
 - RPMs
 - MPG
 - Engine temp
- Cash in bank
- Burn rate: too high or low = problem
- Revenue or expense/employee
- Employee morale



Create a Dashboard

- Oil pressure
 - Door ajar light
 - # Accidents
- Strength of company systems
- People not following SOP
- Quality of management/leadership





Q

&

A

For more information

Contact the Centre for Business Growth:

Email: cbg@unisa.edu.au

Phone: (08) 8302 0484

Check out www.centreforbusinessgrowth.com



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THANK YOU!

UPCOMING WEBINARS

August 31, 2016: Equity Crowdfunding
For Everyone - Demystified

September 14, 2016: Rising Tide Series:
The Basics of Cap Tables

September 28, 2016: The Ins and Outs
of NSF Grants

Webinar programs archived
at: www.angelcapitalassociation.org/events/webinars/



ADDITIONAL RESOURCES



Forbes

Marianne Hudson
Executive Director
Angel Capital Association



<http://www.angelcapitalassociation.org/news-forbes/>



Inc.

Handbook of the American Entrepreneur

Christopher Mirabile
Managing Director, Launchpad;
Board Chair, Angel Capital
Association



<http://www.angelcapitalassociation.org/news-inc/>



UPCOMING ACA EVENTS

- September 8 & 9, 2016, Celebrating Women Angels, Boston MA
- September 22, 2016, Best of the Midwest, Minneapolis MN
- October 4, 2016, New England Regional, Boston, MA
- October 13, 2016, SW Regional Meeting, Phoenix AZ
- November 8 – 9, 2016, Angel Insights Exchange, Nashville TN
- <http://www.angelcapitalassociation.org/events/>

