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 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 PLATFORMS

AgFunder  AngelList  angelMD  DreamFunded
FlashFunders  Florida Funders  FundersClub
healthfundr  masscatalyst  OneVest  OurCrowd
Portfolia  Seed Equity Capital Partners, LLC  SeedInvest  Seedrs
Measures and Metrics

Presented by Professor Jana Matthews

ANZ Chair in Business Growth
Director, Centre for Business Growth
University of South Australia
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
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
CEOs who would recommend our programs to other CEOs who want to grow!

99.5%

Net Promoter Score
Measures and Metrics – why bother?
“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 \text{ 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 \text{ 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 Me
How to keep growing as a leader and person 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
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<tr>
<th>Activity Measure</th>
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<tbody>
<tr>
<td>Numbers of boxes to be loaded on a truck/day.</td>
<td>Additional boxes loaded on a truck per day by using a forklift.</td>
<td>Additional revenue associated with each extra box loaded on truck</td>
</tr>
<tr>
<td>Numbers of design changes processed each week.</td>
<td>Time saved by implementing a time stamp on design changes</td>
<td>Reduction of errors by having everyone use most recent version of design, stored in the cloud.</td>
</tr>
<tr>
<td>Numbers of customer complaints received each month.</td>
<td>Reduction in customer complaints from FAQ on website</td>
<td>Staff time/expense saved by not having to answer customer complaints AND more satisfied customers</td>
</tr>
</tbody>
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# Marketing & Sales

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

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

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<tr>
<th>Activity Measure</th>
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<tbody>
<tr>
<td>Revenue generated this month</td>
<td>Increased revenue/employee</td>
<td>Profitability increases</td>
</tr>
<tr>
<td>Numbers of customers who are late paying</td>
<td>Reduction in time between invoicing and receiving payment</td>
<td>Loan amounts required to cover cash flow</td>
</tr>
<tr>
<td>Time required to close sales</td>
<td>% of sales with recurring revenue</td>
<td>Company valuation increases</td>
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<td>Numbers of employees hired</td>
<td>Reduced # accounting staff needed after migrating to Xero</td>
<td>Level of satisfaction with system</td>
</tr>
<tr>
<td>Number of RFPs sent to vendors re bidding on an IT contract</td>
<td>How quickly/easily the team picks a winning proposal</td>
<td>IT system installed on time and within budget</td>
</tr>
<tr>
<td>Amount of time spent on Heath and Safety training</td>
<td>Numbers of employees who stop smoking after a “quit smoking” course</td>
<td>Decrease in numbers of employee sick days</td>
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## Managing Me

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<tr>
<td>Numbers of week-ends I do no business work</td>
<td>Decreasing number of disagreements with spouse</td>
<td>Increase in family happiness/satisfaction</td>
</tr>
<tr>
<td>Numbers of times I exercise per week</td>
<td>Pounds/inches lost as a result of exercise</td>
<td>Look better and feel better; compliments</td>
</tr>
<tr>
<td>Numbers of personal bills to be paid each month</td>
<td>Time saved by using auto-debit to pay recurring bills</td>
<td>Bills paid on time increase credit rating</td>
</tr>
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</table>
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: Strength of company systems
- Door ajar light: People not following SOP
- # Accidents: Quality of management/leadership
For more information

Contact the Centre for Business Growth:

Email: cbg@unisa.edu.au

Phone: (08) 8302 0484

Check out www.centreforbusinessgrowth.com
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

Marianne Hudson
Executive Director
Angel Capital Association

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

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/