

METRIC MONDAY

# Are you ready?

The metrics you should be tracking and benchmarking in your organization



*Today's contenders...*



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# Research & Development

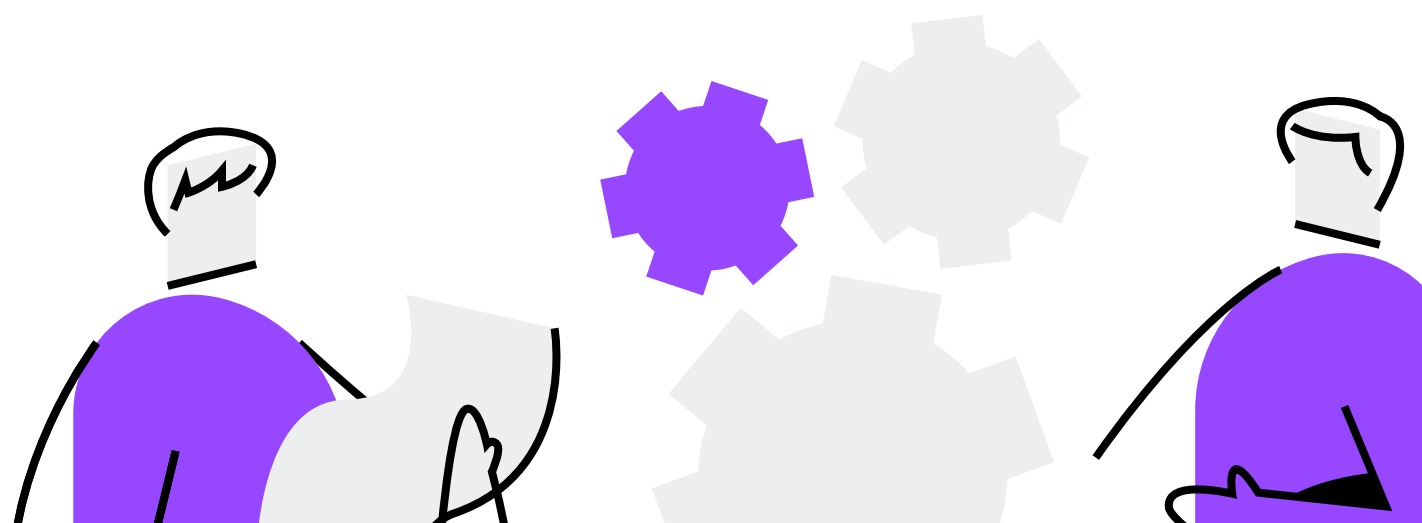
## What is it?

Costs related to researching new technologies, developing new internal processes, experimenting with trends, etc.

**Extra!** Calculating your research and development costs represented as a percentage of your company's annual revenue.

$$\text{R\&D (\% Of AR)} = \left( \frac{\text{Research \& Development (\$)}}{\text{Annual Rev (\$)}} \right) \times 100$$

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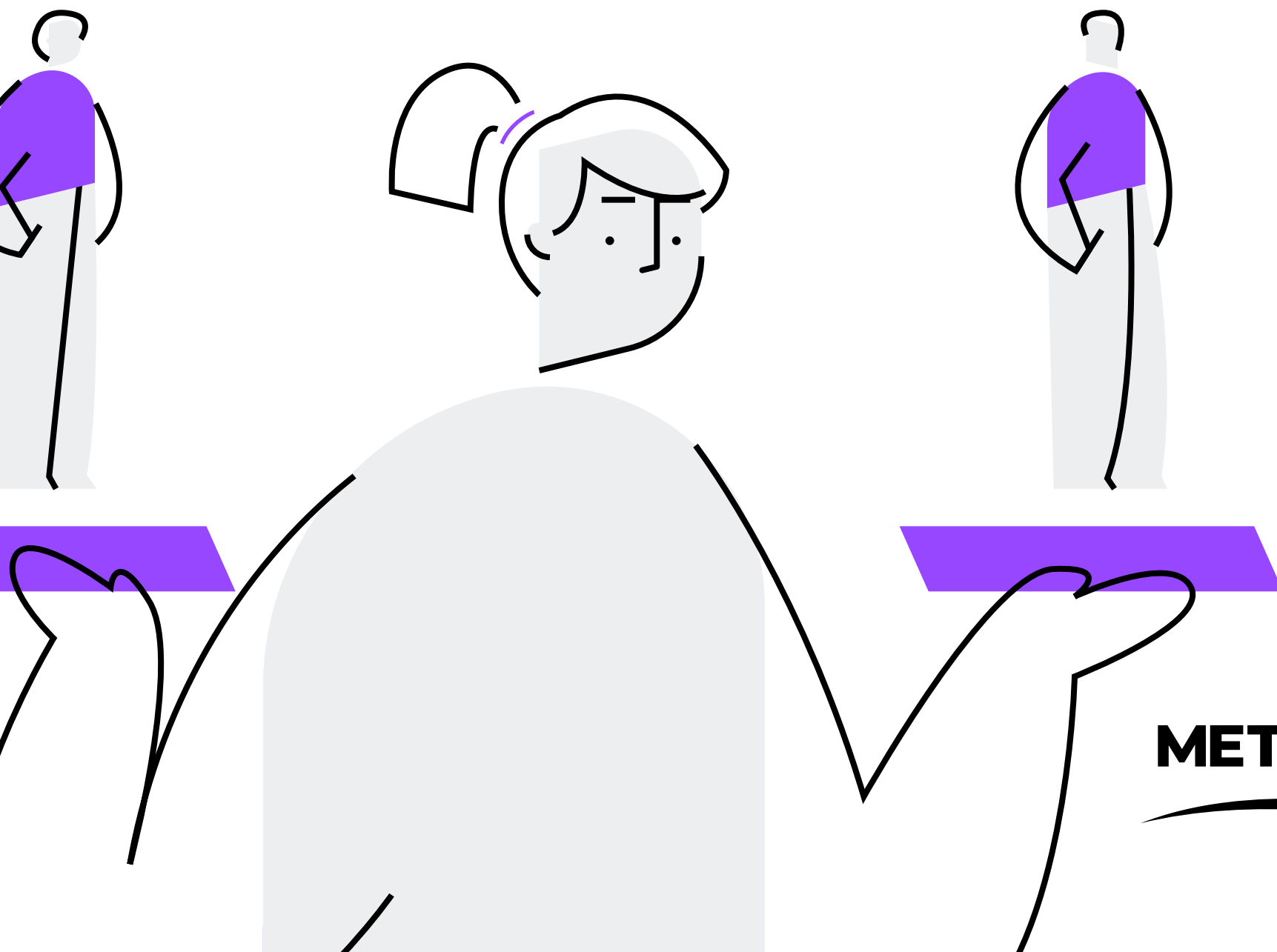
# Total FTE Churn

TOTAL FULL-TIME EQUIVALENT CHURN

## What is it?

The combined total of full-time-equivalent employees that have voluntarily or involuntarily left the company over the course of the year.

$$\text{Total FTE Churn} = \text{Voluntary FTE Churn} + \text{Involuntary FTE Churn}$$



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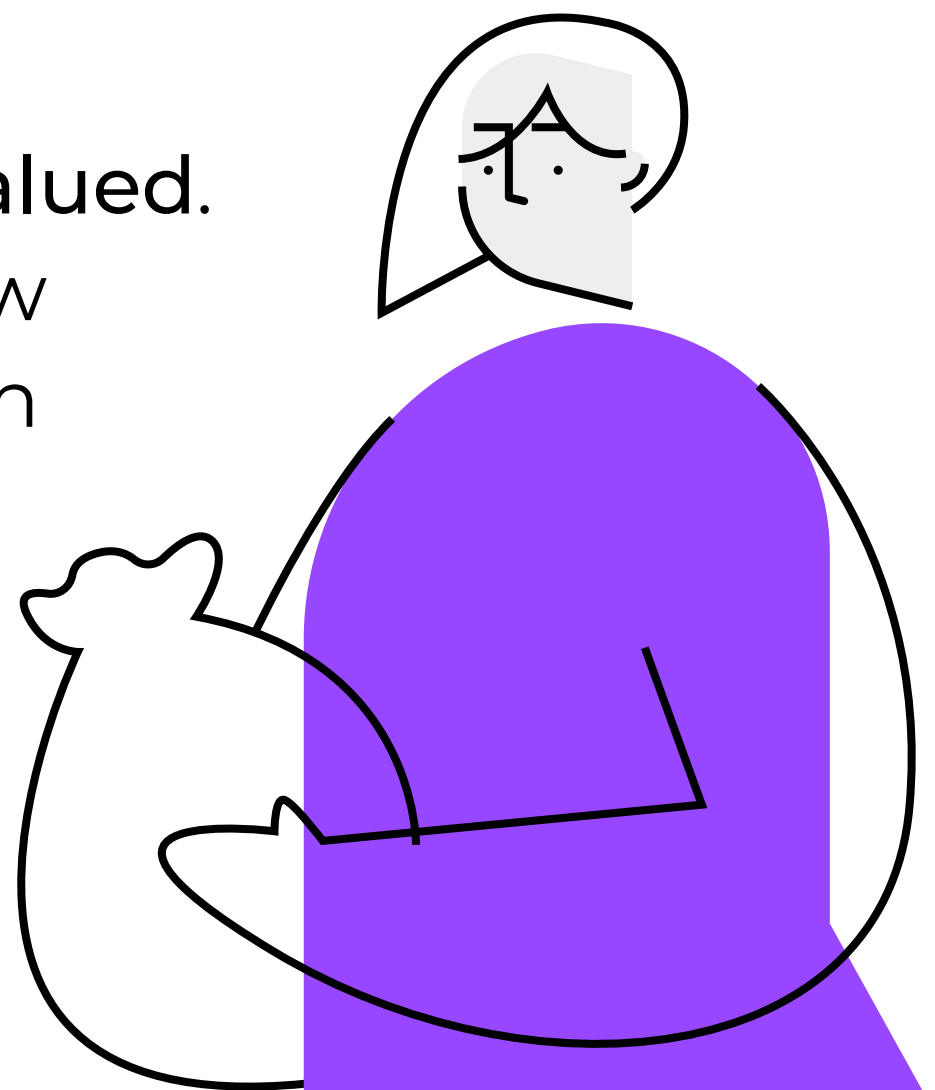
# Rule of 40

## What is it?

Your company's combined revenue growth rate and profit margin percentage.

$$\text{Rule of 40} = \text{Revenue Growth Rate} + \text{Profit Margin Percentage}$$

**Note:** Recurring revenue companies with values exceeding 40% are highly-valued. Companies with values below 20% may face long-term cash flow and/or liquidity issues.



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