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# THE MOST CRUCIAL KPIS FOR CEOS: TOP 10 MARKETING METRICS

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# INTRODUCTION

- CEOs must remain informed about the condition of their business. However, marketing may not be your strong suit, leaving you to rely on your team to deliver leads to your sales team, without understanding what truly matters. To ensure your business's success, it's important to consider these metrics, regardless of your sales strategy.
- To give you a comprehensive understanding of what marketing metrics you need to monitor to grasp the health and triumph of your marketing department, we present you with this report. After reading, you can delegate someone on your team to generate these KPIs for you and report them regularly.

# DON'T LET YOUR BUSINESS SUFFER: REVIEW THESE KPIS MONTHLY

- What gets measured, gets managed. At the bare minimum, you should be scrutinizing your marketing data and metrics each month. If you have an eCommerce business and your growth depends on marketing generating sales without a sales team, these figures should be evaluated three to five times a week. For optimal results, we suggest receiving a daily email with KPIs, such as year-over-year and month-over-month revenue data. If your business relies on a sales team to close the leads, you'll need to communicate with your sales manager or CSO to understand how MQLs are transforming into closed-won deals. A weekly or monthly review of your marketing data, accompanied by a sales team report, will reveal not only the quantity of leads but also the quality of leads. Regardless of your business type, these 10 marketing KPIs are crucial for success in outpacing your competition.

# THE TOP 10 MARKETING KPIS ALL CEOS SHOULD KNOW

- Lifetime Value of a Customer
- Cost Per Acquisition
- Return on Ad Spend
- Pipeline Management
- Sales Last 30 Days


- MQL Last 30 Days
- Testimonials & Reviews
- Time to Sale
- Cost Per Sale
- Cost Per Lead

# LIFETIME VALUE OF A CUSTOMER

- Before you can determine the budget required for your marketing and sales efforts, you need to calculate the lifetime value of a customer for your business. This metric will provide you with the necessary information to create informed and predictable marketing campaigns.
- To calculate the LTV of a customer, use the following equation: LTV ($) = Margin ($) * (Retention Rate (%) ÷ ([1 + Discount Rate (%)] - Retention Rate (%)))

# LIFETIME VALUE OF A CUSTOMER

- However, this calculation can become complex if your business has multiple SKUs or services, varying fee structures, or changes in retention rate. Despite this, it is crucial to do the best you can and be conservative, as the LTV will be used to determine the Acceptable Cost per Sale. Overspending on marketing campaigns and implementing discounts on your products can lead to decreased margins that could have been used for customer acquisition, making sales forecasting more challenging.
- To simplify the calculation, follow this rule: LTV = Margin ($) * (Retention Rate (%))
- If you're a newer business and don't know your retention rate, you could use industry averages. It is essential to calculate the LTV accurately to make informed marketing and sales budget decisions.

# COST PER ACQUISITION/COST PER CONVERSION

- Cost per Acquisition (CPA) or Cost Per Conversion (CPC) is a crucial marketing metric for measuring customer acquisition costs. It calculates the total cost of sales and marketing activities required to generate a single sale or conversion. Essentially, CPA is the total cost of your marketing campaign divided by the number of new customers it generates. This metric is important as it indicates how efficient and effective your marketing efforts are. A lower CPA means that you are acquiring new customers at a lower cost, which translates to higher profits and a more sustainable business model.

# RETURN ON AD SPEND

- In order to have good comparisons between different marketing campaigns, it's essential to use a standardized metric. Measuring the ROI of a marketing campaign is crucial, and Return on Ad Spend (ROAS) is an important metric to use. The calculation of ROAS is straightforward: divide the revenue generated by the marketing campaign by the cost of the campaign.
- It's important to note that ROAS should not be confused with gross ROI. Knowing your ROAS allows you to see the revenue multiple generated by your marketing campaign, giving you greater insight into your marketing strategy's overall effectiveness.

# RETURN ON AD SPEND

- Using this metric, you can determine which campaigns are delivering the highest revenue multiple and focus your team's efforts accordingly. Be sure to recalculate ROAS regularly to stay up to date on the effectiveness of your marketing campaigns. With ROAS as your guide, you can confidently invest in marketing campaigns that yield a positive ROI and drive your business forward.

# PIPELINE MANAGEMENT

- Pipeline management is the process of managing your sales pipeline, from lead generation to closing deals. It is an important KPI because it helps you understand the health and performance of your sales process. Pipeline management requires tracking metrics such as lead count, conversion rates, sales cycle length, and win/loss ratio. By tracking these metrics, you can identify areas for improvement and optimize your sales process to increase revenue.

# SALES LAST 30 DAYS

- Understanding your sales volume is critical, regardless of whether you offer a product or a service. It's important to monitor both lead volume and sales volume for the past 30 days. For a timelier view of your sales success and lead pipeline, you can also break the report down into the last 7 days. Year-over-year metrics are vital for comparing team performance to the previous year, as well as the previous month. Seasonality impacts nearly every business and having access to real data will allow you to make informed decisions about how your company is growing.

# MQL LAST 30 DAYS

- To accurately forecast sales for the next 30 days, it's necessary to keep a close eye on both the quantity and quality of leads in your sales pipeline. Quality is key - even if you're generating hundreds of leads per week, if they can't afford your product or service, they're not truly "qualified."
- To define what qualifies a lead, consider factors such as annual revenue, headcount, current technology platform, or job title. Determine what makes a lead qualified and track the number of qualified leads in the past 30 days.

# MQL LAST 30 DAYS

- Establish a benchmark for lead load and compare it to the Last 30 report to see how your lead volume is trending. If the number of qualified leads falls below the minimum requirement, identify which marketing campaigns need extra optimization or investment. If your company has too many leads to manage effectively, consider scaling back your marketing spend to focus on higher-quality leads and avoid damaging relationships with potential customers.
- Remember: having too few leads is bad, but having too many can be just as damaging if they're not properly qualified and managed.

# TESTIMONIALS AND REVIEWS

- Testimonials and reviews are essential for building trust with potential customers. They provide social proof that your products or services are effective and reliable, and they can help convince potential customers to act. As a CEO, it's essential to monitor and encourage positive reviews, use negative reviews as opportunities for improvement, and prioritize customer satisfaction. If you have a bunch of negative reviews, and do nothing to fix it, people won't look favorably on your company.

# TIME TO SALE

- Tracking this crucial metric is often overlooked but necessary for improving your sales process. Research suggests that it takes an average of 8 to 10 touchpoints before a lead converts into a sale. However, for some businesses, the process can take much longer, stretching up to 18 months or more with dozens of touchpoints involved. If you're not measuring the time it takes for a lead to close, you're missing a critical opportunity to optimize your marketing and sales funnels.
- While some CRMs can help you track this data, you can easily calculate it using Excel if you lack technical expertise. By measuring the time between a lead being logged in your system and when a purchase event occurs, removing outliers, and finding the median, you can determine the Time to Sale.

# TIME TO SALE

- Once you have this data, you can brainstorm ideas to reduce the TTS and test them to see if they're effective. Take a Kaizen approach to improvement by aiming to reduce TTS by 1% every month or every week if you have the capacity.

# COST PER SALE

- Having a clear understanding of your current cost per sale (CPS), including overhead and headcount, is crucial for finding innovative ways to increase your sales. One such way is by leveraging marketing platforms that use machine learning to optimize campaigns to deliver results at or below the CPS limit set by advertisers.
- To take advantage of such tools, it's essential to have a clear understanding of what you're paying for a sale and what it costs to generate a sale by lead source. This information allows you to focus on successful traffic sources and make informed decisions to optimize your marketing efforts.

# COST PER SALE

- In the end, marketing should be treated as a series of tests, and testing is key to driving down the CPS. To begin, establish baseline data using a formula such as CPS (\$) = (Marketing spend (\$) + ad technician fee (\$) + overhead (\$)) ÷ Total Sales. With this information, you can explore innovative strategies such as offering bounties to affiliates who drive sales to your company, allowing you to purchase more leads at a discount and reduce your CPS. Remember, always be testing to drive down your CPS and increase your sales.

# COST PER LEAD

- A Lead refers to anyone who has shown interest in your product or service, whether by downloading a PDF, filling out a web form, giving their contact information at a conference, or calling your company directly.
- While knowing the cost per lead (CPL) for your marketing campaigns at $1 is helpful, it's just the beginning. You need to track the following metrics to optimize your marketing efforts:

# COST PER LEAD

- • Cost per qualified lead
- • The lead source with the cheapest leads
- The lead source with the highest quality leads
- The lead source with the most leads

# COST PER LEAD

- Calculating CPL alone won't provide an accurate understanding of where your leads are coming from and their quality. For instance, sponsoring booths at conferences can generate high-quality leads that your sales team can convert. By dividing all costs associated with the event by the number of leads generated, you can determine your CPL.
- It's crucial to avoid aggregating all your marketing efforts and dividing them by the total number of leads, as this would provide a poor understanding of lead sources and their quality. Calculate the CPL for each individual marketing campaign and focus on the top 20% of traffic that brings 80% of sales, then invest more in that traffic source.

# HOW CAN I OBTAIN THESE KPI'S FOR MY BUSINESS?

- If your organization has the technical resources to generate these reports and send them to you regularly, that's a good place to start. Even imperfect spreadsheets and manual graphs can provide valuable insights and data. Begin with solutions that may not scale well, so that you can identify which numbers are critical and actionable in your organization. While reviewing this report, you may have already considered other KPIs that you require. Jot them down, and carefully consider which data is the most actionable for you. Then, request that your team begin producing these numbers.

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# FREE MARKETING CONSULTATION

- We would like to offer you a Complimentary Consultation with an experiences Chief Marketing Officer! This consultation is a great opportunity for you to discuss your specific needs and goals with one of our most experienced CMO's, who will be more than happy to provide you with personalized recommendations and solutions.