

ESSENTIAL KPIS + DIY FORMULAS

You don't need to be a CFO to understand your numbers—you just need a few key metrics that actually tell you what's going on in your business.

These KPIs (Key Performance Indicators) will help you measure profitability, cash flow, and overall financial health. Use the formulas below to calculate each one and get a clear snapshot of where your business stands.

KPI Name	What It Measures	Formula (Simple Terms)	Why It Matters
Gross Profit Margin	Profit after direct costs (COGS)	$(\text{Revenue} - \text{COGS}) \div \text{Revenue}$	Shows how efficiently you're producing or delivering services
Net Profit Margin	Profit after all expenses	$\text{Net Profit} \div \text{Revenue}$	Reveals actual profitability
Operating Cash Flow	Cash generated from business operations	$\text{Cash Inflows} - \text{Cash Outflows (operations only)}$	Indicates sustainability from operations
Owner's Pay %	How much you're paying yourself from revenue	$\text{Owner's Pay} \div \text{Revenue}$	Helps assess compensation and sustainability
Current Ratio	Liquidity or ability to pay short-term obligations	$\text{Current Assets} \div \text{Current Liabilities}$	A basic financial health check
Burn Rate (for startups)	Monthly cash loss if not profitable	$\text{Monthly Operating Expenses} - \text{Monthly Revenue (if negative)}$	Shows how fast you're using up cash reserves
Runway (Months)	How long you can operate before running out of cash	$\text{Cash on Hand} \div \text{Monthly Burn Rate}$	Helps forecast survival if you're operating at a loss
Revenue per Employee	Team productivity and efficiency	$\text{Total Revenue} \div \text{Number of Employees}$	Measures scalability and staffing efficiency