



5 Simple Numbers Every Small Business Should Track



If the thought of “tracking KPIs” makes your eyes glaze over, you’re not alone. For many small business owners, Key Performance Indicators (KPIs) sound like something reserved for corporations with big budgets, bigger teams, and even bigger Excel spreadsheets. Who wants the hassle?

But here’s the truth: KPIs are just numbers that tell a story and if you’re not paying attention to them, you’re running your business with the lights off.

The good news? You don’t need 47 dashboards or a data analyst to track the KPIs that matter. You just need to choose a few that tell you whether you’re growing, stalling, or unknowingly throwing money out the window. Consider this article a crash course on basic KPIs.

KPIs You Should Be Tracking

If you’re like most businesses that are just beginning their financial tracking and analysis you’re concentrating on two things—what did I make and how much did I spend? That’s a great start but it’s a lot more nuanced than that.

If you’re ready to play in the big leagues but aren’t ready to hire your own analyst, here are 5 simple KPIs you should track (and you don’t need a business degree to do so):

1. Customer Acquisition Cost (CAC)

What it is: How much it costs you to get a new customer.

Why it matters: If you’re spending \$100 to get a \$50 sale, that’s not marketing—it’s expensive gambling.

How to track it: Divide your total marketing + sales costs by the number of new customers gained in that period.

Example: \$1,000 spent / 10 new customers = \$100 CAC

Pro tip: Keep an eye on every month. If it's creeping up, your ads, outreach, or messaging may need a tweak.

2. Customer Lifetime Value (CLV)

What it is: The total revenue a single customer brings to your business over the course of your relationship with them.

Why it matters: It's not the first sale that makes you profitable—it's the second, third, and fifteenth.

How to track it: Average purchase value x number of purchases x average customer lifespan.

When $CLV > CAC$ = happy business owner.

3. Lead-to-Customer Conversion Rate

What it is: The percentage of leads that turn into actual customers.

Why it matters: Getting leads is great. Very exciting when someone shows interest in you but converting them is where the money happens.

How to track it: $(\text{Number of new customers} \div \text{number of leads}) \times 100$

Example: 10 customers \div 100 leads = 10% conversion rate

Pro tip: If this number is low, your follow-up process or sales messaging might need work.

4. Revenue per Employee (or per Hour)

What it is: A productivity metric that shows how efficient you or your team really are. It's not about being busy, it's about what you're/they're adding to the bottom line.

Why it matters: Working hard is great but seeing results from that work is critical to your business' success. For instance, imagine one employee having a laundry list of work accomplished over 40 hours but no sales to show for it or an employee working three hours and making the week's sales number. Which employee is more valuable?

How to track it: Total revenue \div number of employees (or hours worked, if you're a solo act). This outcome calculates it in a general sense. If you want to figure out which employee is bringing in more revenue, you will have to create a system to assign sales to individual employees. Some PoS systems allow for codes, for instance, while most CRMs allow you to assign clients to salespeople.

This calculation helps you see if you're scaling well or just staying busy.

5. Churn Rate (a.k.a. Goodbye Rate)

What it is: The percentage of customers who stop buying from you over a given period.

Why it matters: A leaky bucket never fills, no matter how much water you pour in.

How to track it: $(\text{Customers lost} \div \text{total customers at the start of the period}) \times 100$

If this number is high, focus on customer experience, retention, and loyalty programs.

Tracking Tips

You don't need to check these KPIs every day. Just set aside one hour a month to review them. Use a simple spreadsheet or dashboard, and ask:

- What's improving?
- What's declining?
- What actions should I take based on this?

If you're not sure what the trends mean, try plugging them into the AI of your choosing and ask it to run a basic analysis of the numbers and offer suggestions.

KPIs aren't just vanity metrics—they're your early warning system, your gut check, and your business GPS. Track them consistently, and you'll be more attuned to your businesses and where it's headed.

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