

TOOLKIT

Operational metrics & reporting: A guide to getting started

ACCION VENTURE LAB

Let's set the scene...

You are an early-stage fintech company growing rapidly in team size and traction. You have collected meaningful data about your business and team but are looking to build out robust operational metrics.

We're going to help you think about how you can align metrics with your company's most important goals, measure and track these metrics and connect the dots in your business for:

1. better decision-making
2. reporting and
3. information sharing across internal and external stakeholders

Ready? Let's dive in.

Why should I care about metrics?



Measure Success

Use metrics to measure the success of your products, teams and company health



Make Informed Decisions

Clearer decisions around product, sales, and segmentation strategies



Reporting Ease

Reduces time and effort required for reporting



Fundraising

Makes culling data for future fundraising rounds less of a manual lift



Drives Motivation

Visibility of metrics can be used as a motivational tool for teams and managers



Risk Reduction

Highlights business' strategy and risk gaps to all involved parties – investors, leaders, and your employees

Building solid metrics involves four key steps:

1

Think about your “total universe” of operational metrics and reporting

2

Select the right ones for your business model & identify any current gaps

3

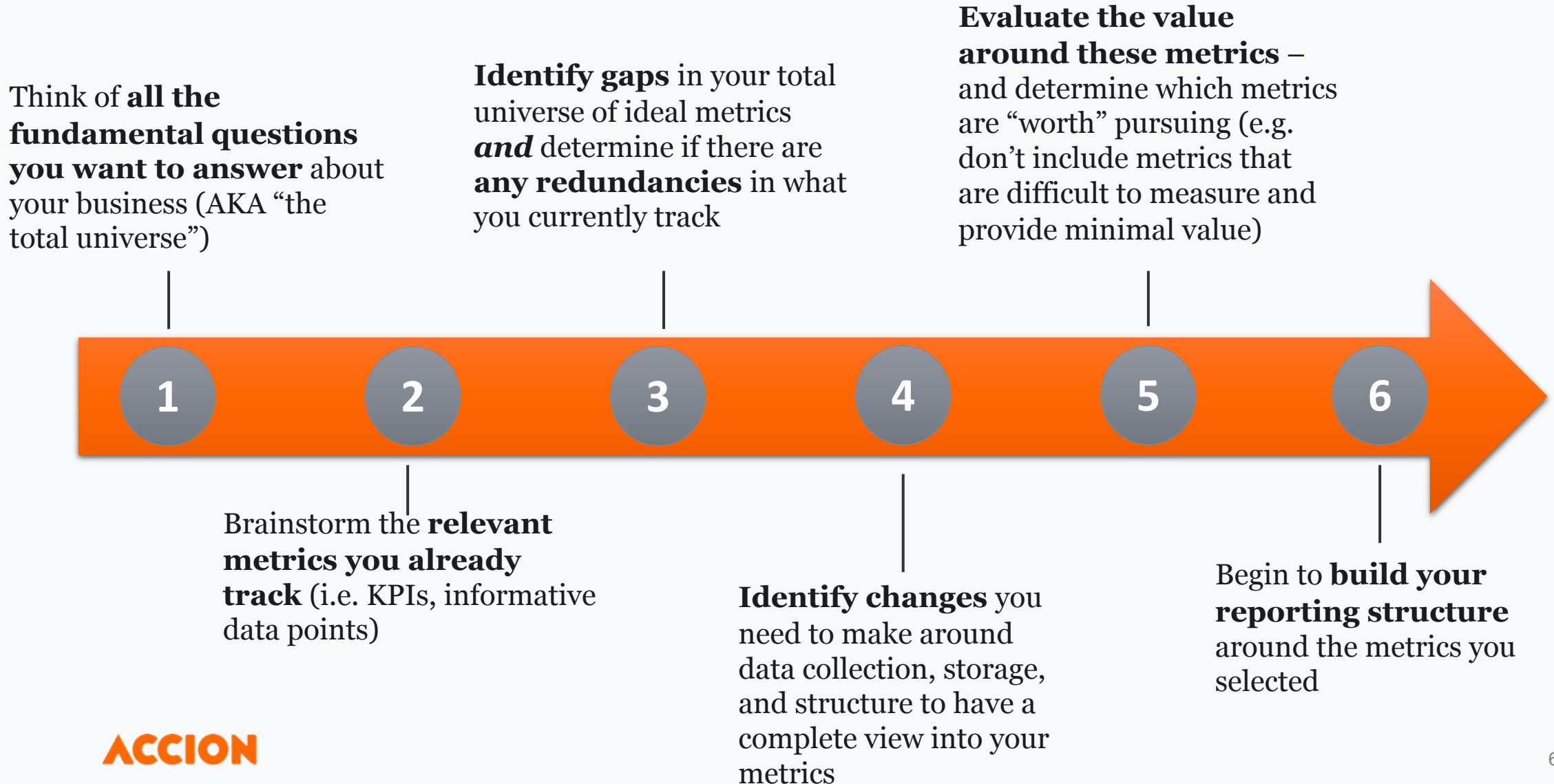
Share metrics appropriately across stakeholders (external and internal)

4

Determine **how to report**

How to identify your metrics and select the ones to measure

Start with a foundation of the full set of metrics that you could (or should!) measure



An example of how to link data to decision-making

Our portfolio company had a strong grasp on their product and technology but wasn't appropriately capturing KPIs or determining the best method for data usage and distribution...

...so we helped them drive business insights by identifying gaps in data, compiling data appropriately through specific dashboards and KPIs and sharing dashboard output effectively across their business

1

Business Insights

What data is needed to drive insights for partners?

Had the company think through:

1. Each decision point in their product lifecycle
2. What questions get asked at that point?
3. What associated KPIs/data drivers should be attached?

Example:

Decision Point	Key Questions	KPIs / Data Drivers
Agent Performance Tracking	<ul style="list-style-type: none">•Do agents need to be reallocated/hired/fired? Moved from stationary to rotating?•What incentives need to be paid out to Agents?•Are current incentives working/sufficient?	<ul style="list-style-type: none">•Real-time registration numbers and failure rates•Agent visits per shop•Agent qualitative feedback on incentives

2

Data Collection, Usage and Compilation

We organized the data process by:

1. Data collection: *Prioritization and frequency & who will drive data capture?*
2. Data usage: *Who needs access? When and how?*
3. Data compilation: *determine what data should draw dashboard red flags*

1 Data Collection (example)

Data Point	# Registrations
Source	Internal or external?
Currently tracked?	Yes/No
Frequency of update	One-time, weekly, etc.
Capture/cleaning – who owns?	Person name
Sharing – who owns?	Person Name

2 Data Usage (example)

Data Point	# Registrations
Who?	Sales teams
When?	Weekly
Format	CRM-type dashboard

3 Data Compilation (example)

Data Point	# Registrations
Red Flag	If rates drop below x%

Consider what each audience uses metrics for

This will be helpful in helping outline which metrics to use, and how to present them

Audience	Objective
C-Suite	Know all available information to effectively lead
Sales Team	Measure success of client acquisition initiatives and sales team members
Operations Team	Ensure processes and strategies are helping the business perform at its best
Development Team	Platform usage and stability
Marketing	Test success of marketing and customer acquisition efforts
Finance	Track the bottom line
HR	Assess employee success and retention
Investors	Share operational and financial figures for investors to stay abreast of business updates and plug in where valuable

Also, consider using some common KPIs relevant to your industry, function, and customer base (I)

Sales / Uptake

- New (acquired) customers
- Acquired customers by channel
- Number of customers who engage with sales campaigns
- Customer acquisition cost (CAC)
- Lead to opportunity ratio
- Number of leads (monthly)
- Conversion ratio
- Average conversion time

Marketing

- Customer reach by marketing / communications channel & campaigns
- Customers signed up for loyalty programs

Customer Features

- Churn: Number of customers who have stopped using the product for X days (usually 30 or 60)
- Customer Lifetime Value (LTV): Predicted net profit attributed to the entire future relationship with a customer or group
- Number of active customers (usually have used platform within past 30 days)

Customer / Employee Happiness

- Quarterly User NPS
- Top 5 support issues (pvs. Month)
- Avg time to resolve issues
- Help desk request types (#, % change MoM)
- Average response time / resolution time
- Net promoter score
- Employee churn
- Employee satisfaction

Financial Health

- Gross revenue / growth in revenue
- Net revenue
- Operating expenditures
- Cash balance
- EBITDA
- Net profit / net profit margin
- Debt / equity levels

Transaction / Activity

- Customer activity and dormancy rates
- Customer preferred transaction channels
- Customers by size and type of transactions

Product

- Number of customers with each product / service
- Number of customers with multiple products
- Time on site
- Product usage

Also, consider using some common KPIs relevant to your industry, function, and customer base (II)

Sales / Uptake

Determine effectiveness of your various sales and customer acquisition strategies to potentially pivot

Share with C-suite, sales team and investors

Customer Features

- *Understand stickiness of your product*
- *Use LTV over time to assess whether customers are increasing their engagement with the business / product*
- *Determining churn helps you identify pain points and reduce*

Share with C-suite, sales and marketing teams and investors

Financial Health

- *Measure financial progress over time to drive a more profitable bottom-line*
- *Share more easily with current and potential future investors*

Share with C-suite, investors, finance and operations

Marketing

Understand the velocity of your userbase

Share with C-suite & marketing teams

Transaction / Activity

How often is your customer engaging with your product on a weekly or monthly basis?

Share with C-suite, operations, marketing and sales

Customer / Employee Happiness

Better assess effectiveness of your customer support strategies and personnel

Share with C-suite, HR, investors and development and operations teams

Product

- *Increase product offering in the future or wind down unpopular products*
- *Drive customers to under penetrated products*

Share with C-suite, development team, marketing and sales

Additional **loan** metrics for **lenders**

- **Loan applications** (#, monthly)
- **Application approval rate % / pull-through rate %:** approved loans / total applications (in one month)
- **Loan conversion rate:** # customers who applied for loans / total new customers (in one month)
- **Automatic approval rate:** # customers approved through algorithm / total # applications (in one month)
- **Decision to close time cycle / loan origination cycle time:** average number of days to close and fund a loan after the underwriting decision has been made (in one month)
- **Disbursals:** # / amt total funds delivered (in one month)
- **Total size of loan book** (\$ / #)
- **Average active loans size:** total active loan book / # total customers with loans (at a point in time, usually month-end)
- **Average origination value:** total origination fees / # total customers with loans
- **Loans outstanding** (\$, total outstanding loan book)
- **Default %:** \$ defaulted total in month / \$ total loan book and # defaulted loans in a month / # total loans in book (in one month)
- **Non-performing loans: Par>30 %:** value of all of the organization's loans outstanding at the end of the reporting period that have one or more installments of principal past due for more than 30 days

Additional **insurance policy health** metrics for **insurtech** companies

- **Revenue per policyholder:** total revenue (monthly or YTD) / # policyholders
- **Average cost per claim:** # of claims that have been filed (monthly or YTD) / \$ cost (monthly or YTD)
- **Average time to settle a claim:** total number of days to settle claim / total claims filed (in one month)
- **Return on surplus:** ratio of net income / policyholder surplus
- **Loss ratio:** claims paid / premiums earned (in one month or YTD)
- **Frequency:** # claims expected (in the next month and year total)
- **Expense ratio:** expenses associated with acquiring, underwriting and servicing premiums / net premiums earned
- **Renewal / retention:** # policies an insurance company has on hand (at month-end); number of underwritten insurance plans that remain in effect after deducting those canceled, lapsed or ceded to a reinsurer
- **Average policy size:** total policy \$ / # policyholders (in one month)
- **Underwriting speed:** average amount of time to conduct underwriting (in one month)
- **Average cost per claim:** total cost of claims per month / number of claims
- **Policy sales growth:** (current period sales revenue - previous period sales revenue) / previous period sales revenue
- **Insurance rate:** amount of money necessary to cover losses, cover expenses, and provide a profit to the insurer for a single unit of exposure
- **Percentage pending:** # policies pending / total applications (in one month)

Additional metrics for **savings** companies

- **Operating expenses as a percentage of assets:** Total operating expenses / total dollar amount of owned assets, shown as a percentage (at given point in time, usually month-end)
- **Assets under management (AUM):** The total dollar value of assets being managed, if applicable (can be tracked by various accounting timeframes, such as quarterly)
- **Percentage of AUM above benchmark:** How your bank's AUM ranks compared to competitors, shown as a percentage
- **AUM per employee:** The total dollar value of assets being managed / number of employees
- Savings account origination:
- **Savings account origination:** # of savings accounts originated (in one month and track month over month growth %)
- **Mobile savings account origination:** # of savings accounts originated fully digitally / total # in same time period (in one month and track month over month growth %)
- **Revenue per savings account:** total revenue (in one month or YTD) / number of savings accounts (at month-end or average over year)
- **Average interest income per account:** total interest income (in one month or YTD) / number of accounts (average in same period or at month—end)

Sharing your metrics and Implementing them across teams

It's helpful to consider who in your organization will own various KPIs

High-level buckets to keep in mind:

1. *Audience*
2. *Frequency*
3. *Type of Information*

Stakeholder	RACI	Additional Comments
Data Champion	Accountable	Ideally, this should be the founder - someone with a keen eye for ops
Product & Engineering Teams	Responsible	Help make the data champions' vision actionable
Internal Teams	Consulted	Questions to think about at this stage: <ol style="list-style-type: none">1. What information does this team need to understand their progress towards their KPIs?2. What do they need to identify problems and solutions earlier?3. What can we share that balances support for a job well done with important feedback?
External Stakeholders	Informed	

Build a framework around data health and hygiene

Question 1: What kind of data?

IF it's for CEOs and C-suite...

Macro-level data should be reported

IF it's for other teams...

data should be granular and demonstrative of user behaviors and trends tied to the KPIs of that team

Question 2: How often should it be updated?

IF the data changes rapidly or requires rapid mobilization...

It should be shared often because it could require a rapid response (i.e. downtime or outages demand immediate response vs. DAU/MAU could be a moving average shared on a daily basis)

IF the team is data savvy...

Data should be updated automatically and shared on a more regular basis

Question 3: How do I share the data?

Visualization...

Is better for broader teams, takes less processing effort, and is good for ***outside stakeholders / executives to see trends***

Databases...

Are good for ***data scientists / engineers / marketers*** to cut the data and infer additional layers of insight (although takes more time to develop)

How audiences absorb information best

Audience	Medium to Share	Frequency
C-Suite	Visual Dashboard / Spreadsheet	Daily
Sales Team	CRM or Dashboard	Daily
Operations Team	Dashboard	Daily
Development Team	Dashboard	Daily
Marketing	Dashboard	Weekly
Finance	Spreadsheet	Weekly
HR	Spreadsheet or Dashboard	Monthly
Investors	Investor Briefs	Monthly

*Teams who can successfully track data understand their **progress**, make more **informed decisions**, can **reduce costs** and **improve profitability** and **raise more in fundraising***

Case Study



How we helped one of our portfolio companies implement better operational metrics reporting



What we observed...

Current dashboards and data analysis was limited and had room for improvement

Not all appropriate data metrics were being tracked

Strategy determined on “gut” more than data



Which was leading to...

Teams not able to accurately access the health of the business

Dashboards were developed with holes in the data sets and therefore lacked holistic oversight

The team was missing out on valuable opportunities



We first laid out the ideal set of data they *should* be monitoring by mapping out a series of dashboards



KPIs Dashboard

- Moving average revenue per unit (\$, monthly)
- Weekly / monthly active users (# and %)
- Revenue growth (\$ %, aggregate + per user MoM)
- User growth (% MoM)
- Transaction growth (\$ by type, % MoM, annual)
- Moving avg. time to first transaction
- Retention curve (Day 7/Day 30 activity)



User Dashboard

- Weekly / monthly active users (# and %)
- Salaries held (aggregate, % growth MoM)
- New registrations (aggregate, % growth MoM)

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Transaction Dashboard

- Transaction growth (\$ and # by type, % MoM, annual)
- Transactions by citizenship (\$, #, % growth MoM)
- Remittances as a % of income (monthly)
- Monthly salary vs. withdrawal ratio
- Moving avg. time to first transaction
- Transaction log (raw data)



Employer Dashboard






- Transactions by employer (type, \$ and #, % growth MoM)
- Users by employer (#, % growth MoM)
- Moving average time to first transaction per employer
- Moving average time between payday and remittance per employer



Customer Happiness

- Quarterly User Net Promoter Score (NPS)
- Top 5 support issues (in the month)
- Avg time to resolve issues
- Help desk request types (#, % change MoM)

We then pointed out gaps in their current analytics set to optimize their dashboards

	 KPI Dashboard	 Transaction Dashboard	 User Dashboard	 Employer Dashboard	 Customer Happiness
Salary and age bands for mapping	✓	✓	✓		
Link customer service ticket info to UserID			✓		✓
Support issue type			✓		✓
New user first transaction date	✓	✓	✓		
Category	✓	✓	✓	✓	
Flag for Day 7/Day 30 activity	✓		✓		



Thank you!

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