

# Agency Metrics Cheatsheet:

## Key Formulas for Profitability & Growth



Metric	Formula	Target/Goal
<b>Gross Margin (%)</b> How profitable is service delivery?	$\frac{\text{Revenue} - \text{Cost of Goods Sold}}{\text{Revenue}} \times 100$	50%-60%
<b>Net Profit (%)</b> How much profit do you keep?	$\frac{\text{Net Profit}}{\text{Total Revenue}} \times 100$	15%-25%
<b>Effective Hourly Rate (EHR)</b> Are you charging enough per hour?	$\frac{\text{Total Revenue} - \text{Expenses}}{\text{Total Hours Worked}}$	\$150-\$250 per hour
<b>Utilization Rate (%)</b> How much of your time is billable?	$\frac{\text{Billable Hours}}{\text{Total Available Hours}} \times 100$	75%-85% (production), 50%-65%
<b>Revenue per Full-Time Employee</b> Is your team efficient?	$\frac{\text{Annual Revenue}}{\text{Number of Full-Time Employees}}$	\$150,000 - \$250,000 per FTE
<b>Client Lifetime Value (CLV)</b> How much revenue does a client generate?	$\frac{\text{Average Monthly Revenue per Client}}{\text{Average Retention Period}}$	5-10x initial project fee
<b>Cost Per Client Acquisition (CAC)</b> How much does it cost to acquire a client?	$\frac{\text{Total Sales \& Marketing Spend}}{\text{Number of New Clients}}$	CLV should be at least 3x CAC
<b>Retainer vs. Project-Based Revenue Mix (%)</b> How stable is your revenue?	$\frac{\text{Recurring Revenue}}{\text{Total Revenue}} \times 100$	50%+ recurring revenue
<b>Client Churn Rate (%)</b> How many clients are leaving?	$\frac{\text{Clients Lost}}{\text{Total Clients at Start of Period}} \times 100$	<10% annually
<b>Win Rate (%)</b> How many proposals convert into signed clients?	$\frac{\text{Number of Won Deals}}{\text{Total Proposals Sent}} \times 100$	40%-60%