

Important Formulas of Business Metrics PDF



Formulas Examples with Units

List of 16 Important Formulas of Business Metrics

1) Absenteeism Rate Formula

Formula

$$AR = \frac{TUL}{NWD} \cdot 100$$

Example

$$6 = \frac{15}{250} \cdot 100$$

Evaluate Formula 

2) Brand Development Index Formula

Formula

$$BDI = \left(\frac{S}{TMS} \right) \cdot 100$$

Example

$$166.6667 = \left(\frac{25}{15} \right) \cdot 100$$

Evaluate Formula 

3) Compound Annual Growth Rate Formula

Formula

$$CAGR = \left(\left(\left(\frac{EV}{SV} \right)^{\frac{1}{ny}} \right) - 1 \right) \cdot 100$$

Example

$$10.7566 = \left(\left(\left(\frac{25000}{15000} \right)^{\frac{1}{5}} \right) - 1 \right) \cdot 100$$

Evaluate Formula 

4) Cost Per Hire Formula

Formula

$$CPH = \frac{ERE + HR_{exp}}{SH}$$

Example

$$426.9231 = \frac{550 + 5000}{13}$$

Evaluate Formula 

5) Customer Lifetime Value Formula

Formula

$$CLV = (ACV \cdot ACL) - CAC$$

Example

$$110000 = (2000 \cdot 60) - 10000$$

Evaluate Formula 

6) Customer Retention Rate Formula

Formula

$$CRR = \frac{nec - ncb}{ncb}$$

Example

$$4.2632 = \frac{100 - 19}{19}$$

Evaluate Formula 



7) Customer Selling Price Formula

Formula

$$CSP = CP + (PM\% \cdot CP)$$

Example

$$300 = 100 + (2 \cdot 100)$$

Evaluate Formula 

8) Customers Lifetime Value with Discount Rate Formula

Formula

$$CLV = \frac{Cm \cdot CRR}{1 + DR - CRR}$$

Example

$$3.8857 = \frac{8 \cdot 4.25}{1 + 12 - 4.25}$$

Evaluate Formula 

9) EBIT Formula

Formula

$$EBIT = R - OPEX$$

Example

$$8746 = 10000 - 1254$$

Evaluate Formula 

10) Employee Turnover Rate Formula

Formula

$$ETR = \left(\frac{E_{sep}}{AVG_{emp}} \right) \cdot 100$$

Example

$$1.5 = \left(\frac{3}{200} \right) \cdot 100$$

Evaluate Formula 

11) Hourly Paycheck Formula

Formula

$$HP = ID + (RWH \cdot WH) + (OHW \cdot WPHOH) - T$$

Example

$$110 = 1055 + (8 \cdot 35) + (2 \cdot 5) - 1235$$

Evaluate Formula 

12) Market Penetration Formula

Formula

$$MP = \left(\frac{n}{TP} \right) \cdot 100$$

Example

$$30 = \left(\frac{30000}{100000} \right) \cdot 100$$

Evaluate Formula 

13) Revenue Share of Requirements Formula

Formula

$$RS_{req} = \frac{B_{purchases}}{C_{purchased}}$$

Example

$$0.6 = \frac{9000}{15000}$$

Evaluate Formula 



14) Sales Cycle Formula

Formula

$$S_{\text{cycle}} = \frac{n_{\text{days}}}{O_{\text{contacted}}}$$

Example

$$0.2 = \frac{4}{20}$$

Evaluate Formula 

15) Sales Win Rate Formula

Formula

$$SWR = \left(\frac{\text{Opportunities}_{\text{won}}}{O_{\text{contacted}}} \right) \cdot 100$$

Example

$$250 = \left(\frac{50}{20} \right) \cdot 100$$

Evaluate Formula 

16) Website Conversion Rate Formula

Formula

$$CR = \left(\frac{TGC}{n_{\text{vis}}} \right) \cdot 100$$

Example

$$40 = \left(\frac{200}{500} \right) \cdot 100$$

Evaluate Formula 



Variables used in list of Important Formulas of Business Metrics above

- **ACL** Average Cost of Customer Lifetime
- **ACV** Average Cost of Customer Value
- **AR** Absenteeism Rate
- **AVG_{emp}** Average Number of Employees
- **B_{purchases}** Brand Purchases
- **BDI** Brand Development Index
- **C_{purchased}** Total Category Purchased by Brand Buyers
- **CAC** Customer Acquisition Cost
- **CAGR** Compound Annual Growth Rate
- **CLV** Customer Lifetime Value
- **Cm** Contribution Margin
- **CP** Cost Price
- **CPH** Cost Per Hire
- **CR** Website Conversion Rate
- **CRR** Customer Retention Rate
- **CSP** Customer Selling Price
- **DR** Discount Rate
- **E_{sep}** Employees Separated
- **EBIT** Earnings Before Interest and Taxes
- **ERE** External Recruiting Expenses
- **ETR** Employee Turnover Rate
- **EV** Ending Value
- **HP** Hourly Paycheck
- **HR_{exp}** Internal Human Resource Expenses
- **ID** Income Till Date
- **MP** Market Penetration
- **n** Customers
- **n_{days}** Days Spent on Sales Won
- **n_{vis}** Number of Visits
- **n_y** Number of Years to Track Growth
- **ncb** Customers at Beginning
- **nec** Existing Customers
- **NWD** Number of Working Days
- **O_{contacted}** Sales Opportunities Contacted
- **OHW** Overtime Hours Worked



- **OPEX** Operating Expense
- **Opportunities_{won}** Sales Opportunities Won
- **PM%** Profit Margin Percentage
- **R** Revenue
- **RS_{req}** Revenue Share of Requirement
- **RWH** Regular Working Hours
- **S** Brand Sales Percentage
- **S_{cycle}** Sales Cycle
- **SH** Successful Hires
- **SV** Starting Value
- **SWR** Sales Win Rate
- **T** Taxes
- **TGC** Total Goal Completion
- **TMS** Total Market Segment
- **TP** Total Population
- **TUL** Total Unplanned Leave
- **WH** Wages Paid per Hour
- **WPHOH** Wages Paid per Hour from Overtime Hours



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