

The Metrics Playbook

Definitions, formulas and benchmarks for the metrics early-stage investors ask about — plus the reporting pack to send monthly.

Overview

Most early-stage founders lose credibility not by having weak numbers but by computing them inconsistently. This playbook fixes the definitions so your numbers survive diligence unchanged.

Core definitions

- MRR — recurring revenue only. Exclude one-off implementation, hardware and pass-through costs.
- Gross margin — revenue minus hosting, payment fees, support and delivery cost of the service.
- CAC — total sales and marketing spend in a period $\div$ new customers acquired in that period.
- Payback period — $\text{CAC} \div \text{monthly gross profit per customer}$.
- Net revenue retention — $(\text{starting MRR} + \text{expansion} - \text{contraction} - \text{churn}) \div \text{starting MRR}$, for a fixed cohort.
- Burn — net cash out per month. Runway is a date, not a count of months.

Benchmarks worth knowing

- CAC payback under 12 months at seed; under 18 months at Series A.
- Gross margin above 70% for software; state the path if you are below it.
- Net revenue retention above 100% for B2B SaaS is a strong signal at any stage.
- Monthly logo churn below 2% for SMB; below 1% for mid-market.
- Growth: roughly 15–20% month on month at seed on a small base.

The monthly investor update

- Headline: revenue, growth rate, burn, runway date — four numbers, first line.
- What worked, what did not, in two short paragraphs.
- The one metric you are trying to move and the current experiment.
- Specific asks: intros, hires, customer introductions, named where possible.

- Send it on the same date every month, including the bad months.

How numbers lose credibility

- Changing a definition between two updates without saying so.
- Presenting cumulative totals where monthly figures are flat.
- Reporting bookings as revenue, or gross transaction value as revenue.
- Excluding founder salaries from burn.
- Runway calculated on average burn when burn is rising.

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