THE BALANCED SCORECARD PYRAMID
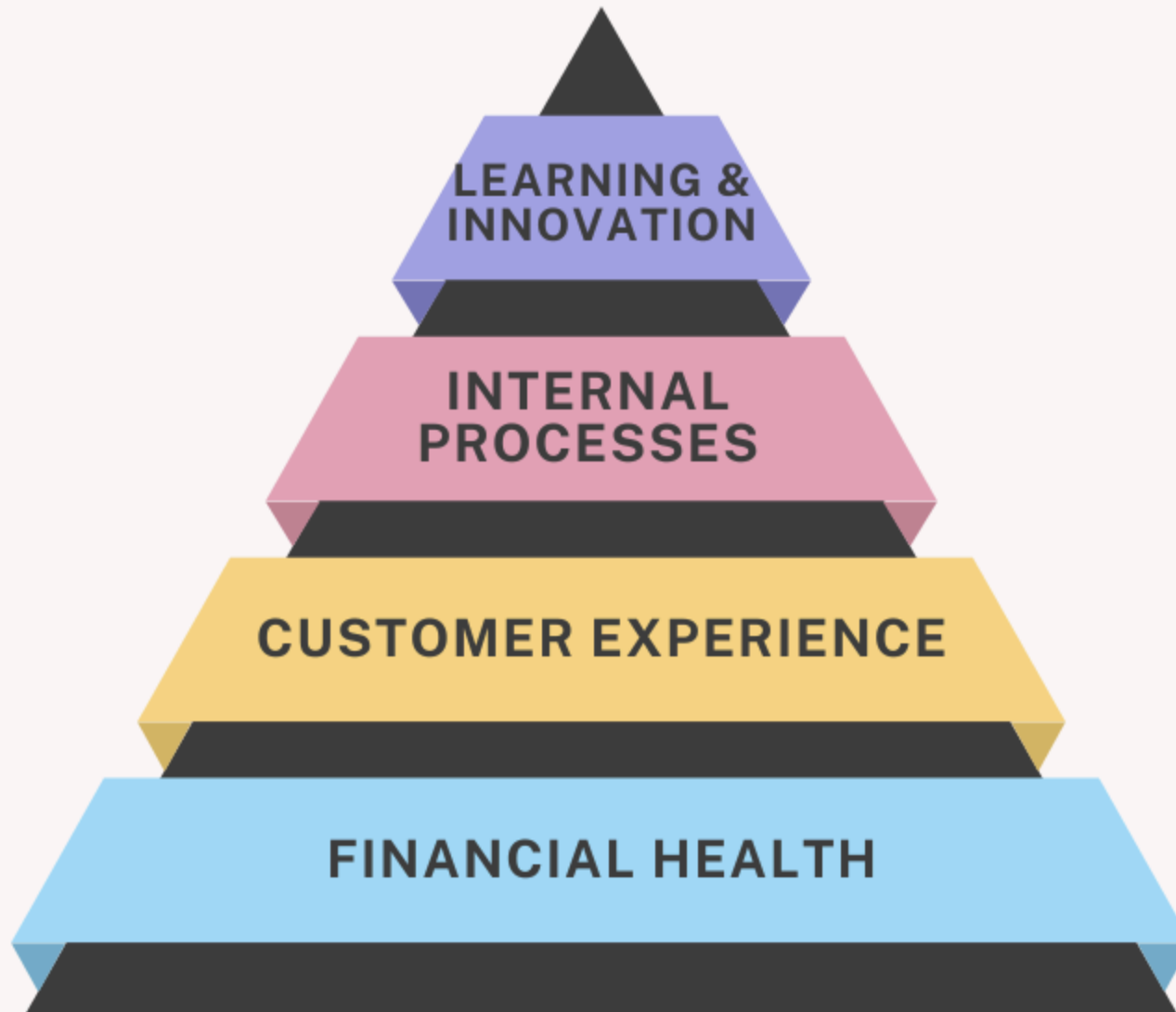
LEARNING & INNOVATION

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The Balanced Scorecard Pyramid

#1 Key Financial Metrics for Startups

Metric	What It Is	Why It Matters	Formula
Burn Rate	The rate at which your startup spends money each month.	Helps you manage cash flow and avoid running out of money.	Burn Rate = Cash Spent / Month
CAC (Customer Acquisition Cost)	The cost of acquiring one new customer.	Ensures you're acquiring customers profitably.	CAC = Total Acquisition Cost / No. of Customers
Runway	How long your startup can operate before running out of cash.	Gives a clear picture of how much time you have to raise funds or become profitable.	Runway = Cash Reserves / Burn Rate
LTV (Customer Lifetime Value)	The total revenue a customer generates over their lifetime.	Helps you compare LTV with CAC to ensure you're acquiring long-term, profitable customers.	LTV = (Avg. Purchase Value × Purchase Frequency) × Customer Lifespan

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The Balanced Scorecard Pyramid

#2 Key Financial Metrics for Startups

Metric	What It Is	Why It Matters	Formula
Gross Profit Margin	Percentage of revenue that exceeds the cost of goods sold (COGS).	Shows how efficiently you're producing or delivering your product.	Gross Profit Margin = (Revenue - COGS) / Revenue × 100
Revenue Growth Rate	The percentage increase in revenue over a specific period.	Tracks how quickly your business is growing.	(Current Period Revenue - Previous Period Revenue) / Previous Period Revenue × 100
Net Burn	The amount of cash lost each month after accounting for revenue.	Gives you a more accurate picture of cash depletion after revenue.	Net Burn = Gross Burn - Monthly Revenue

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The Balanced Scorecard Pyramid

#3 Key Financial Metrics for Startups

Metric	What It Is	Why It Matters	Formula
Gross Burn	Total amount of cash your startup spends each month.	Shows the total monthly expenses, including all operating costs.	Gross Burn = Total Operating Expenses / Month
Operating Cash Flow (OCF)	Cash generated from normal business operations.	Shows how much cash your core business generates, a critical indicator of financial health.	OCF = Net Income + Depreciation/Amortization + Changes in Working Capital
Break-Even Point	The point where total revenue equals total expenses.	Tells you how much revenue you need to cover costs and start making a profit.	Break-Even Point = Fixed Costs / (Price per Unit - Variable Cost per Unit)
Monthly Recurring Revenue (MRR)	Predictable revenue generated from subscription-based customers.	Helps SaaS or subscription businesses track stable, recurring revenue.	MRR = Total No. of Customers × Avg. Revenue per Customer

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