

Hello there and welcome to another episode of the Your Next Best Step podcast. I am your host, Theresa Cantley. And today we are talking all about numbers and I know most people that I talk to just want to shy away from numbers and metrics and all of those things, but they are so, so important to growing our business. And I know for myself for years, I would tell myself, "I am not good with numbers. I am not good with math." I failed probably every single math class I ever took. I had to take algebra twice. I had my geometry teacher worked with me because I just was never ever into it. My father is a civil engineer, can do calculus in his head. My brother is a civil engineer, can do calculus in his head. And me, forget it. I am on the opposite end.

But over the years, especially working in corporate and working for a guy who is a micromanager and micromanager. Yeah, micromanager, he micromanaged me and was so, so in my face about metrics. When I worked in corporate, I remember when Google AdWords first came out, pay per click campaigns and we signed up to do these Google AdWords and the gentleman that I worked for was one of those people who needed to see instant results. We're doing all these print ads and we're doing all this marketing and you're not seeing anything because the results that you get from print ads or anything that is customer facing, brochures or flyers or any of that, unless you have a code on it but way back then, we didn't have the tools that we have today. But it's harder and it takes a little bit longer to see results.

But with Google pay per click campaigns or Google AdWords, oh my, you see them right away. That was my first foray into digging into metrics because he would literally go on and Google laboratory refrigeration, laboratory freezer, laboratory refrigerator, and want to be at the top of the list, he wanted to see our AdWords campaign be at the top because there's a whole bidding thing process that goes into Google AdWords and it was just nuts. However, it forced me to understand how important metrics are. It forced me to learn different ways that you can measure metrics and how you can use them to actually grow your business. Because from there, once we had these Google AdWords running and we had this stuff going on, we were able to tie it back to and see what the return on investment we were getting on marketing campaigns. On really using it as a bridge between marketing and then the sales that we were getting from the sales reps that were out there selling things and just orders that were coming in online.

But I know a lot of people that I talk to, a lot of people that I have you worked with over the years, I always get more often than not, I get, I am not good at math. I'm not good at numbers. Well, here's the thing. If you want to run a successful business and this is exactly what I've told people, you need to get good at it. You don't have to be perfect at it. You just need to understand it and understand it in a way that is useful. Understand it in a way that you can take the information that you're looking at and apply it back to real life situations. You don't have to have huge dissection of information. That's something that an accountant would do, or a business manager, whatever. But from a business owner standpoint, you cannot hide from the numbers.

Because I get a lot of customers, a lot of clients that I deal with when I first start working with them and they manage their business based on what's in their bank account, which is one of the worst things you can ever do. That's number one. And number two, they always tell me, "Well, our gut feel is that this is XYZ. This is what's happening. These are the things that are selling." And when we actually look at the numbers, that's not, their gut feel is completely wrong. If you're managing your business based on what's in your bank account, stop right now, just stop and focus and listen, put your earbuds in and make sure you listen to this episode.

As I said, I was not one to, and even if you look at my personality profile, I'm high I, off the charts I in the DiSC profile, which is inspirational. My C, my conscientious is way low. I think over the years it's gotten higher, but not my strong thing. Same thing with my Myers-Briggs profile. I am an INFJ. I am not a

thinker. I'm not the scientist. I am the feeling, the intuition. I am definitely much more, what is that left brain versus right brain. But over the years, I have learned the importance of looking at and digging into these metrics.

We're going to talk about this in a more, like a real life way to look at your metrics, look at what's going on, tools that you can use and how you can start doing this. Like I said, it doesn't have to be super intense. You just have to understand the key numbers that you need to look at and how to look at them.

The first thing is, number one, why is it important? Why should you not manage your business based on what's in your bank account? Well, the reason is because you might have bills that you've cut, bills that you've paid, checks that you've cut, expenses that have had to go out and they haven't come out of your bank account yet. You're looking at what's in your bank account, but all that information hasn't cleared yet. One of the key metrics that you need to understand is your business, your business numbers, your business metrics, your accounting numbers. I have worked with people over the years who said, "Oh, my accountant handles all of that." And then they find out that their accountant hasn't been doing certain things or hasn't been really telling them great information to help them get tax benefits or to help them be more profitable in their business.

When you understand that your numbers, especially your business numbers, when you understand it, you can understand what's happening in your business so you can manage it better and also manage the people that you are outsourcing to. I had another conversation with another client where they have somebody who is doing their Google AdWords for them. And this is one of the big things when you work with me, you have to understand SEO. I teach it to you. You must understand it before you outsource it, hands down. And this particular person is outsourcing their Google AdWords and they're getting great traffic with it. And the firm that's doing it for them is doing an amazing job. Amazing job, but they don't understand what they're looking at. I don't think, yeah, no, they don't get reports. They don't get reports on a regular basis. The person may talk to them about what's happening, but they don't fully understand what all those individual metrics are.

Here's the deal. Why is it important? It's important for you to understand your metrics. Your metrics in three areas that we're going to talk about so that you can manage your business and you can manage the people that you are partnering with and working with to help you to grow and manage your business. Your accountant, anybody you're outsourcing marketing, to your virtual assistants, your regular assistants, your employees, your management team, all of the above, you need to understand your metrics so that you can manage your business better. You also need to understand your metrics because what you can measure, you can scale, you can grow, you can do things with it. If you can't measure it, I've worked with people who don't have any systems in place and have zero idea what the metrics are in their business.

Once you understand what they are, and you can get a hold of them, you can really understand how profitable your business is now, not based on what somebody is telling you, but based on what you're looking at and what you can do to grow it. I had a client who only ever focused on net sales. They were looking at net sales. They thought that that was the metric that they needed to look at. Number one, they didn't understand what net sales meant, but also number two, what about the rest of this stuff? Because net sales is literally just your sales minus your discounts, minus your comps and then there's your net sales. What about removing cost of goods and then looking at your gross profit? And then I have people who think that gross profit is the same as net profit, and it's not.

The reason that it's important that you know your numbers, you know your metrics, you know what metrics you need to be measuring because they're different for different industries and certain things, is so that you can manage your business better. You know what's happening so you can grow. The more handle you get on your numbers and your metrics, the more you're going to be able to create products

and services that customers really love and be able to connect with people on a deeper level, because you're creating things that you know that they're interested in, but you're also able to manage your business so you know where your money's going. You know what's coming in and what's going out and you can use that to help grow your business.

The three different areas that I want you to focus on are your marketing metrics, your accounting and business metrics and then also your sales metrics. When we talk about marketing with marketing metrics, you want to understand if you're using Google AdWords or you're doing SEO in your business, you're sending emails out. You want to understand, so for instance, with marketing metrics, with emails, you want to understand what your open rate is, how many people are opening your email. You'll also want to understand, and this is even more important, how many people are clicking through. Open, looking at an open rate only gets a little skewed because depending on how people have their email set up, if somebody is just previewing an email but they don't actually read it, it still counts as an open. Click through rate is an actual, that's a more important metric to look at. It's going to be lower, but still, you want to make sure that you're looking at both open rates and click through rates.

You also want to look at when we're looking at landing pages that we have for promotions or lead magnets, free content that we want people to opt in for, we want to look at conversion rates so we understand. A conversion rate will tell you whether or not the content on a particular page and even if you're directing people to your website to a particular page, you can see how many times it's converting. And what that means is that somebody is taking action. They buy something, they sign up for something. They give their email address for something, they opt in for something. Those are all super important. As well as when you're looking at those metrics for marketing, you want to see what pages on your website. We went from emails, so with emails, you want to look at open rate and convert and click through rate. You can also, there's a plethora of other metrics, but in particular, with emails, open rate, click through rate.

With your website, you want to look at and make sure how many people, what pages are most popular? What are the pages that people are landing on the most? And you can also set things up so that you can see what part of the page people are engaging with the most. You can look at how many times people are bouncing out. When you look at your bounce rate, you can actually say, "Okay, this bounce rate is high because however they're getting to that particular page on the website, whether it's from a Google AdWords or it's from a Facebook ad or it's from something else that you've had it advertised on, whatever you're using to advertise, whatever that looks like, your ad copy, or the copy on the opt in page doesn't match where they're actually landing."

Your bounce rate, they're going to bounce out. They're going to leave right away, is probably going to be higher. It helps you to look at your website, look at your landing pages and say, "Is the copy on this page good? Is the messaging connecting with my customers?" And this goes hands down for if you're a brick and mortar business, or you're an online business or you have both. Looking at these things helps you to create better messaging and copy and products that people actually want to buy. That's kind of a little bit about, I could talk about this for hours on end, but so it's conversion rates. It's landing page. What pages are most visited? You can also look at what key, how people are finding you. Keywords that people are searching by to find you.

Like I said, conversions as far as when somebody is landing on a registration page or on a page for a promotion or a page for a campaign or an event or whatever, what is your conversion rate? How many people are actually signing up to attend your event? To buy your product? To sign up for something? What do those metrics look like? As well as what do the metrics look like for people who actually attend? Measuring all that stuff super, super important, because you can look at and combine it with your sales metrics.

When we look at sales metrics, we have our marketing, which how we're driving people to our business. Then when we look at sales metrics, we want to look at there's a lot of these to measure. One is going to be profitability of a particular product. One is going to be popularity of particular products or services. What is your highest gross sales? Gross is what is that actual income from the sale? What are the highest grossing sales of products in your business? If you have a brick and mortar store, do you sell a lot of hats versus shirts? Do you sell a lot of this type of hat versus this type of shirt or this type of shirt versus this type of shirt? Or what does that look like? Understanding your sales metrics. Also understanding and like I said, different businesses have different KPIs, different key performance indicators.

For example, in retail, gross margin is important. Gross margin return on investment is important so you can see for how many dollars you've spent or paid for a product, how much are you making when you sell it? Gross margin return on investment. You also have, you have gross margin or gross profit in a lot of businesses. You also have your net profit and we're starting to kind of get into how sales then relates to accounting metrics.

Accounting metrics, looking at your net profit, looking at the expenses in your business. What are your full operating expenses or admin expenses? What does that look like in relation to the amount of money that you're actually bringing in? And that's when you start to get into cashflow. You can also tie this back and say, "Okay, our marketing we've ran this campaign. We had this many opt ins, these opt-ins led to these sales and these sales covered these expenses." You can actually, when you are looking at these metrics, you can take it from point A to point B, where you want to get to. And you can kind of see in that example, how that will help you to manage your business so you can see what's happening and grow from there.

Like I said, a lot of people want to stick their head in the sand and they don't want to look at numbers because they say, "I'm not good at this. I'm not good at looking at these numbers." Well, you need to understand them from a real, as I like to say, down and dirty, because like I said, I am not an analyst. That is not my thing. However, I can look at metrics and I can say, "Your profit's low, your profit margin should be X and it's low. Or your labor costs should be X and it's high." Restaurants, if you're in the restaurant industry, you have prime costs, you have food costs, you have labor costs. Those are all different metrics that you want to measure in your business that will then relate back to your accounting. Looking at your P and L, looking at what was your profitability for food versus what was your profitability for alcohol that you've bought and sold?

And looking at that to say, "Our food costs are high, we need to look for better vendors." Or maybe we also need to look at our people sparsing, out our people when they're making a burger, are they weighing and using the correct amount of ingredients in this particular meal? Or also if you're in the restaurant industry and you're looking at alcohol, and you're measuring inventory, so you're looking at your alcohol cost and you're measuring inventory, you can see whether or not you are missing alcohol. Which is a common problem in the restaurant industry.

Again, understanding your metrics from a high level so that you can start digging into them and you can understand better what's going on. You can also understand, all right so we have this much money coming in, these many sales coming in that we're forecasting based on a whole host of information and we know that these bills are going out so we know, we understand that we'll potentially have this much left in our bank account so we can do X, Y, Z. We're not just looking at the bank account. We're actually looking at the numbers that go into the bank account.

Understanding your marketing metrics, understanding what is it that you need to measure based on your business. Understanding your sales metrics and how that relates back to the marketing that you're doing so you can understand what's working and what's not working. And then also you can start to look

at your accounting numbers, your business numbers, your business metrics so you can understand where your business is and get a snapshot for it at any point in time.

And when I teach people, when I work with them and we talk about their business and we talk about the seasons in their business, when they're busy times are when they have a lot of expenses going out and they have a lot of expenses in the business and a lot of bills that they're paying and in relationship to their sales, we can look at it and say, "Okay, these are the activities that you should be focusing on in your business so that you can keep things going so you're not spending a whole lot of money when you have no sales coming in." I've seen that happen.

What to do next? And you're probably thinking, oh my gosh, this is a ton of information. And I'm like, oh, how am I going to do this? Well, I'm going to give you some tools that you can use. Number one, first of all, identify what your key metrics are in those areas. What are the key metrics that you need for marketing? What are the key metrics that you need for sales? And also what are the key metrics that you need to run your business? All right, obviously gross profit, net profit, gross sales, net sales, those are all hands down, super important. Admin expenses, assets, liabilities, those are all important for business stuff. And that goes across the board for any business. But your key metrics for sales, conversion rates, open rates, click through rates and emails, those are all kind of across the board.

But then, what is your business? If you're a restaurant, you have prime costs and labor costs, food costs. If you're retail, you also have labor costs, but you also have inventory turns is super important. Gross margin return on investment is super important. If you don't know, do some research. What are the key metrics that you need to measure? Then from there, you can use some free tools. There's a lot of free tools out there, but then there's also really good software.

Hands down, if you're a small business, I am a big QuickBooks user QuickBooks online, QuickBooks desktop. QuickBooks, online syncs with a lot of POS, point of sales systems so whether or not you're using your restaurant or a retail store and if you're a restaurant or a retail store and you are in the multi seven figures, QuickBooks works with it. And it works with it really, really well. You have the ability with QuickBooks to connect in if you have an accountant, which you should, connect them into your QuickBooks, so they can look at things and help you to manage your business. They can advise you on taxes, tax benefits, and what's happening, planning for taxes. But also you can get a snapshot as to how your business is doing with business metrics on your phone. I'm a big QuickBooks user, which is a really, really good tool to use.

Another good tool, which is free, I've been using this for years is Google Analytics. All you need and it ties into your Google AdWords, but literally you just open up a Google Analytics account and it has your most popular pages. It has where people are navigating to and how they're finding you, who are your referral sources? Is it vendors that maybe have a link to your website on their site? What does that look like? Google Analytics, super amazing tool. It has tons of information and Google Analytics syncs with a whole bunch of other pieces of software. I highly recommend that.

There's also another piece of software. There is you can get a trial of it, but then there is a paid version of it, which is Ubersuggest from Neil Patel. I just started using it. I love it. And you can use it in conjunction with Google Analytics to get information. Like I said, it is a paid service. But super, super, super powerful. Gives you, it simplifies the looking at the metrics and also helps you, if you are doing SEO, which I highly recommend, that's a whole other topic in a podcast. But if you're doing SEO, it's got a lot of benefits, a lot of helpful tips and resources. Like I said, I started using it myself and I absolutely love it.

Another really cool, there's two email softwares that I absolutely love that also have marketing automation and a CRM built into it. One is more robust than the other. The first one is ConvertKit. If

you're getting into marketing automation and you're starting to get into email sequences and funnels and up leveling what you're doing, it gives you the ability to send out regular emails to your customers. It gives you great tracking information and great metrics, but it also is kind of a simplified version of doing marketing automation, which is awesome. It connects to a whole host of different pieces of software. You can plug it into your WordPress site if you have a WordPress website. I do believe it hooks with Shopify and whole bunch of other things. Great, great piece of software.

The other one that I'm going to recommend is also a little bit more robust, has a better CRM, customer relationship management piece built into it. You can take notes on customers. It's got more bells and whistles in it, which is ActiveCampaign. I actually just started using, I used to use ConvertKit and I just started using ActiveCampaign as well. Super, super, super robust platform. Great service. Gives you a lot of metrics that you can measure.

The other thing that I would recommend is I also use for landing pages again, gives you a lot of really good tools to use in there. It syncs to a lot of things is Leadpages. I use Leadpages to build all of my landing pages for all of my programs and services. I have customers who have brick and mortar businesses who use Leadpages because the key piece with building sales pages, because some people say, "Well, why do I need that? I have a website so if I have any eCommerce store or I'm doing an event, I'm hosting an event, why can't I just use the landing page on my website?" Well, because Google AdWords and Facebook ads like you, they want the user experience to be a lot better. They don't want people landing on a bunch of junk because the internet is flooded with information.

When you're directing people to an event or a lead magnet, a free download or to an eCommerce area, to something, let's say you're doing a campaign on sweaters. They want people to land on a page that is almost like a one stop shop. They land on it, it has all the information that they need and that all they have to do is to just click and convert, click and sign up for something or click and buy something. Which is why landing pages are so important if you are doing paid advertising. Google ads, Facebook ads, LinkedIn ads. The piece of software, like I said, that I use is Leadpages.

It's super easy to use. It plugs into, you can connect it to ConvertKit. You can connect it to ActiveCampaign. If you're using another piece of email software campaign software, like MailChimp and Constant Contact, Infusionsoft, iContact, any of those, it connects to them as well. The nice part is, is that it also gives you a lot of metrics. It gives you conversion rates. How many times people are landing and you can see how many times people are taking action. Again, super key with your metrics. Just some free resources for you to use. Others are paid, but really, really great tools, not super expensive, but will give you a bunch of information to help you to manage your business.

And the third thing that you need to do in what you're going to do next is determined how often you're going to measure these things. Looking at your business metrics, obviously you want to look at your cashflow every week, but you also want to look at your payables reports or your P and L, your payables reports probably every week, but your P and L, and maybe even a balance, you can look at your balance sheet every month, but definitely a P and L, profit and loss statement every month. These marketing metrics, looking at your marketing metrics at least once a month. If you have something, an event that you're running and you're getting people to sign up, you want to look at that more frequently. You want to look at your marketing metrics and your sales metrics probably every week. Just because you have something going on, but on a normal basis, maybe once a month. Looking at how many people, how much your page has grown.

If you're doing things on Instagram or Facebook, you want to look at how fast your page has grown. Your business page and how many times, looking at your social media metrics. When people are on your page the most, what times are they on? Including all of that and you can look at that on a monthly basis.

Typically your marketing metrics are going to be on a monthly basis or a biweekly basis. Your business

metrics, some stuff you're going to look at every week, some stuff you're going to look at once a month. Obviously, when you close down your month, when you finish out a month or finish out a quarter, you're going to have your accounting and your business metrics that you're going to take a look at. And you can use that to say, gauge how your business is doing, how profitable it is.

Figuring out your schedule, whatever you want it to be. You want to look at your social media metrics on a weekly basis or biweekly or monthly basis, whatever that schedule is for you, you want to set it and you want to stick to it. Make sure whatever you set, you're going to be consistent with. If you say, I'm going to look at my P and L every week, well stay consistent. Don't think that you want to look at it every week because your numbers are going to be fluctuating throughout the month. Once a month is probably is a good start.

Number one, identify your key metrics for your business in those three areas, accounting and business, marketing and sales. Number two, get yourself some tools, Google Analytics, an email campaign software, landing page software, whatever it is that you're doing in your business, getting some good tools and resources and software to help you to measure and manage these metrics. And then number three is determine the schedule that you want to stick to and be consistent as you're moving through this.

As I said, many people shy away from metrics and shy away from numbers, but you don't have to. As long as you know what you need to look at, you can look at it in a, like I say, down and dirty, real life way and not have to be super analytical. If you are a super analytical person, awesome, good for you. I am not, but I know what to look at. I know what to look at and what's important so that you can scale and grow your profitability and your business and your income and your business. You can also look at how people are performing so you can use that as a tool to create bonus structures, profit sharing programs, whatever you have in your business.

I hope this helped you. Metrics is something that I go over with all of my clients and if they shied away from it before, after we go through it and we simplify it to what is important for them to look at it on a regular basis so they can manage their business and also be able to manage people that they're outsourcing to that are handling things for them. Once they get through the things that we work on and kind of take a look at stuff they say, "I don't know why I always shied away from this before. This is great information."

I hope this helped you. Let me know. I would love to hear from you. Let me know what was most helpful. What was the thing that really resonated with you and what you're going to start doing to track these important metrics in your business moving forward. You can leave a comment in the show notes. You can also let me know in the review. Let me know what was most important to you and what was most helpful. But until then, don't forget, determine your schedule and whatever that looks like, make sure you're consistent with it because what we measure in our business, what we measure and what we maintain, we can grow and scale so that we can achieve the results that we are looking for.

Have a great rest of your week and I'll see you here next week. Take care.