4 key performance indicators for your creative business

These four KPIs will help confirm the business decisions you're making with your intuition and help you see the progress you're making in your business.

1.

Lead Time Per Project

Knowing what your current lead time is will be key to managing client expectations and knowing your workload for the upcoming quarter. Having a longer lead time is not necessarily a bad thing, as it gives you more time to plan and can create a heightened sense of demand.

2.

Estimated vs Actual Project Time

Estimated vs actual project time = (forecasted hours / actual hours) * 100.

If you are not tracking the accuracy of your estimates in terms of time, you may not be pricing correctly. Measuring how long you have spent versus what you estimated will give you a greater insight into what you should estimate.

3.

Estimated vs Actual Project Cost

Estimated vs actual project cost = (estimated cost / actual cost) * 100.

Similar to the above, if you are not tracking the variance of your actual project spend versus your estimated project spend, you may be losing more money. This will cover resource costs as well as any other spend on the project.

Resource allocation can get more refined when you begin to collect the data through KPI tracking.

4.

Utilization Rate

Utilization rate = Total number of invoiceable hours / Total number of hours the employee works during a standard week.

Utilization rate refers to the percentage of time that your team spends billing clients.

Moving Forward With KPIs In Your Creative Business

Set up a clear process to regularly monitor your creative agency KPIs. By measuring what matters, you are giving yourself the best chance of meeting your strategic goals, and setting your firm up for business growth.

Most agencies will choose to have a suite of software tools which help them to track their KPIs.

These tools could include cloud accounting software for financials (Xero or QuickBooks Online), reporting and analysis software for KPIs (Fathom), and project software for project planning and resource allocation.

By regularly monitoring performance, and comparing these results to targets, agencies can implement strategies that will chart them on a course to success.