

Summary

The Chief Revenue Officer (CRO) is the architect of sustainable revenue growth, responsible for aligning all revenue-driving functions (Sales, Marketing, Customer Success) with the company's long-term objectives. Beyond short-term sales and marketing wins, a CRO creates a comprehensive revenue strategy that balances current gains with future scalability, connecting high-level strategy to tactical execution in the field. This cheat sheet covers key metrics that empower CROs to analyze performance, optimize growth levers and revenue predictability.

Maximizing impact with the CRO's Three Pillars

Maximize revenue potential by focusing on three essential pillars:

- **Build a scalable revenue strategy:** Think beyond quick wins and develop a strategy that supports long-term growth. Define clear product-market fit, set pricing that matches your value, and target high-potential customer segments
- **Collaborate across the C-Suite:** Coordinate closely with the CEO, CFO, and CMO to ensure revenue goals are fully backed. Use insights from each department to build a cohesive plan that everyone supports, ensuring smooth execution across the board
- **Unify revenue-driving teams:** Break down silos by centralizing key metrics and setting shared goals across the teams. When Sales, Marketing, and Customer Success work together, you maximize efficiency and drive consistent results, with everyone focused on a common target



Core metrics for CROs

1. MRR (Monthly Recurring Revenue)

$$MRR = \text{Number of active subscriptions} \times \text{Average subscription amount (monthly)}$$

Represents the predictable revenue from active subscriptions each month.

2. NRR (Net Revenue Retention)

$$NRR = \frac{MRR \text{ at start} - \text{Downsell} - \text{Churn} + \text{Upsell}}{MRR \text{ at start}}$$

Indicates revenue growth or contraction from existing customers, accounting for churn and upsells.

3. CAC (Customer Acquisition Cost)

$$CAC = \frac{\text{Total sales and marketing costs}}{\text{Number of new customers}}$$

Calculates the average cost of acquiring a new customer and is essential for evaluating the efficiency of marketing and sales efforts.

4. LTV (Customer Lifetime Value)

$$LTV = \frac{ARPA}{\text{Average churn over the last 6 months}}$$

Estimates the total revenue a customer will generate over their relationship with the company.

5. Churn rate

$$\text{Revenue churn rate} = \frac{MRR \text{ lost}}{MRR \text{ at start of period}}$$

Measures the percentage of revenue or customers lost during a period.

6. SaaS Quick Ratio

$$\text{SaaS Quick Ratio} = \frac{\text{New MRR} + \text{Expansion MRR}}{MRR \text{ at start}}$$

Measures how efficiently a company grows revenue versus the revenue lost through churn, with a ratio above 4:1 generally considered strong, between 2-4 is good, and below 2 indicates inefficiency in growth versus churn.

7. CAC Payback Period

$$\text{CAC Payback Period} = \frac{\text{Customer Acquisition Cost}}{MRR \text{ per customer}}$$

Indicates how long it takes to recover the cost of acquiring a customer, with shorter payback periods preferred for faster return on investment.

Aim for a CAC payback period of less than 12 months; anything over 18 months may strain cash flow.

8. LTV/CAC Ratio

$$LTV/CAC = \frac{\text{Customer Lifetime Value (LTV)}}{\text{Customer Acquisition Cost (CAC)}}$$

Compares the value of a customer over their lifetime to the cost of acquiring them, with a ratio of 3:1 being the ideal benchmark for sustainable growth, while anything below 1:1 indicates you are losing money on acquisition.

Additional key metrics

1. Revenue growth rate

$$\text{Revenue growth rate} = \frac{\text{Revenue this period} - \text{Revenue last period}}{\text{Revenue last period}} \times 100$$

Tracks the percentage increase in revenue over a given period, serving as a direct indicator of business growth.

2. Gross margin

$$\text{Gross margin} = \frac{\text{Revenue} - \text{COGS}}{\text{Revenue}} \times 100$$

Reflects the percentage of revenue that exceeds the cost of goods sold (COGS), showing the company's operational efficiency.

3. SaaS magic number (Sales efficiency)

$$\text{Magic number} = \frac{(\text{Current quarter revenue} - \text{Previous quarter revenue}) \times 4}{\text{Previous quarter sales and marketing expenses}}$$

Evaluates how well sales and marketing investments generate revenue growth.

4. Pipeline Coverage

$$\text{Pipeline Coverage} = \frac{\text{Total Pipeline Value}}{\text{Revenue Target}}$$

Measures the value of opportunities in your sales pipeline relative to your revenue targets, with a coverage ratio of 3:1 generally being ideal to meet targets.

5. Win Rate

$$\text{Win Rate} = \frac{\text{Closed Won Deals}}{\text{Revenue Deals Target}} \times 100$$

Represents the percentage of deals won out of total opportunities, reflecting sales efficiency and effectiveness. A win rate of 20-30% is common, with anything above 30% considered strong.

6. Average Sales Cycle

$$\text{Average Sales Cycle} = \frac{\text{Total Days to Close All Deals}}{\text{Number of Closed Deals}}$$

Tracks the average time taken to close a deal, with shorter cycles indicating greater efficiency in the sales process. Average sales cycles vary by industry, but 60-90 days is typical for SaaS; shorter cycles indicate faster revenue generation.

7. LVR (Lead Velocity Rate)

$$LVR = \frac{\text{Qualified leads this month} - \text{Qualified leads last month}}{\text{Qualified leads last month}} \times 100$$

Tracks the month-over-month growth of qualified leads entering your pipeline, predicting future sales potential and ensuring marketing efforts generate enough demand for sustainable revenue growth. A higher LVR indicates strong top-of-funnel expansion and consistent pipeline growth.

8. Sales velocity

$$\text{Sales velocity} = \frac{\text{Number of Opps} \times \text{Average deal value} \times \text{Win rate}}{\text{Sales cycle}}$$

Measures the daily revenue potential of your current pipeline, factoring in the number of opportunities, average deal size, win rate, and sales cycle length.

Marc Francis, CRO at Captain Data

"Before adopting the right tools, methodology and processes, our analytics were limited and didn't fully support our GTM forecasting needs. Now, we're able to create precise revenue roadmaps, leveraging historical data to build reliable scenarios and align our teams on strategic objectives. This shift has significantly impacted our growth trajectory, giving us clarity on our acquisition channels, pricing levers, and growth drivers to fuel our success."

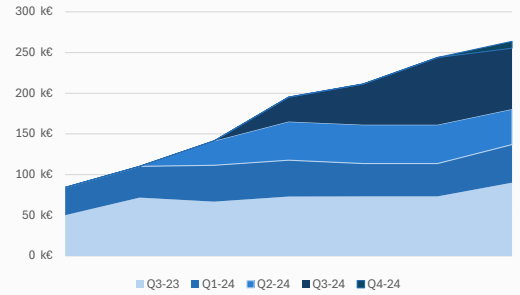
Want to know more about SaaS KPIs? Have a look at fincome.co/blog

Enhancing retention with cohort analysis

Cohort analysis tracks customer groups by traits like signup date or acquisition channel, letting you see exactly how different groups retain, expand, or churn over time. By pinpointing when and why churn happens, you can launch targeted retention initiatives and adjust your customer success approach. This analysis also reveals the impact of strategic changes (like onboarding tweaks or pricing updates), helping you fine-tune acquisition and retention tactics for better long-term outcomes.

How to apply cohort insights:

- **Identify churn periods:** Focus on the first 3-6 months to implement retention efforts like personalized outreach and training
- **Measure strategic impact:** Compare cohorts before and after changes to see if adjustments improve retention and revenue
- **Refine personas and targeting:** Use cohort data to fine-tune your Ideal Customer Profile (ICP) and target high-value acquisition channels

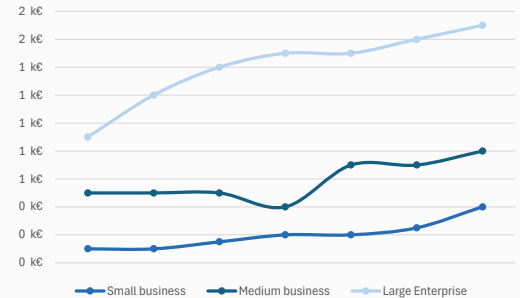


Optimizing revenue with strategic pricing management

Smart pricing drives growth by boosting acquisition, retention, and profitability. Adjust pricing based on customer behavior and market trends to unlock new revenue and increase lifetime value. Use dynamic or segmented pricing to match different customer needs, capturing high-value customers and maximizing profitability. Regularly review pricing to stay competitive and align with customer expectations, ensuring you're always optimizing revenue per account.

Tactics for effective pricing:

- **Segmented pricing:** Tailor prices by customer segment (e.g., usage, value, or company size) to capture more revenue efficiently
- **Dynamic adjustments:** Adjust pricing regularly based on customer feedbacks and market shifts, especially for high-impact features
- **Price sensitivity tests:** Experiment with different models to gauge willingness to pay, minimizing churn due to pricing friction

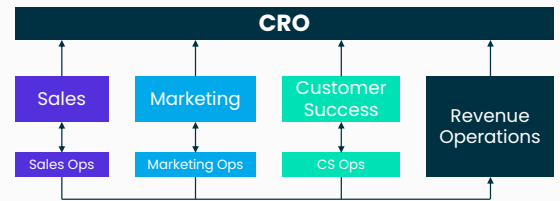


Aligning revenue streams with a unified RevOps strategy

By centralizing processes, RevOps play a critical role in improving data accuracy, communication, and workflow efficiency across departments, enhancing visibility across the entire revenue funnel. This oversight supports data-driven decisions, helping prioritize resources, identify bottlenecks, and improve forecasting. A unified revenue strategy not only boosts efficiency but also enhances customer experience through consistent messaging and aligned objectives.

Best practices for implementing RevOps:

- **Consolidate tools:** Integrate CRM, marketing, and support systems for real-time, unified customer insights
- **Standardize KPIs:** Set shared KPIs that support common revenue goals, simplifying alignment and decision-making
- **Enhance data transparency:** Ensure data is accurate and accessible across teams, enabling quick insights and agile responses to trends



Enhancing revenue through the Bow-Tie Model

The Bow-Tie model gives a full view of the customer journey, balancing focus on both acquisition and post-sale growth. By mapping the entire funnel, from awareness to expansion, the model helps align sales and customer success, turning initial wins into sustained value. This alignment drives efficiency, boosts retention, and maximizes revenue across all customer interactions.

Best practices for implementing the Bow-Tie Model:

- **Prioritize seamless onboarding:** Smooth transitions from sales to customer success, delivering early value to reduce churn and build loyalty
- **Segment post-sale strategies:** Tailor upsell and expansion efforts using customer data to meet specific needs of different segments
- **Monitor lifecycle metrics:** Track churn, retention, and expansion to assess customer health and refine strategies at key stages across the Bow-Tie

