Startup Metrics

Business & Management

The numbers that matter, and the ratio investors look at first.

The core unit-economics metrics.

Metric	Is	Healthy
CAC	Cost to acquire one customer	Falling or stable
LTV	Gross profit over a customer's life	Rising
LTV:CAC	The ratio	3:1 or better
Payback period	Months to recover CAC	Under 12 months
Churn	% lost per period	Low and falling
Burn rate	Net cash out per month	
Runway	Cash ÷ burn	18+ months

LTV must use gross profit, not revenue. Using revenue overstates it by the whole cost of delivery.