Know Your Numbers: A Retail KPI Framework

The metrics stack that separates a defensible operator from one running on instinct.

I. Sales Metrics

- Daily, weekly, and monthly gross sales, tracked continuously, not reconstructed at month-end.
- Average transaction value (ATV), and its trend over time, not just its current value.
- Sales by category, to identify which SKUs are actually earning shelf or menu space.
- Sales per labor hour, your core throughput baseline for staffing decisions.

II. Financial Metrics

- Gross and net margin, tracked live.
- Cost of Goods Sold (COGS) as a current figure, not a quarterly estimate.
- Labor cost as a percentage of sales, your primary lever for margin defense.
- Break-even point, calculated at daily, weekly, and monthly intervals. If you're not consistently clearing it, you have a runway problem regardless of how the top line looks.

III. Customer and Operational Metrics

- Customer count and repeat-visit rate.
- Satisfaction scoring, formal survey or POS-integrated.
- Average service time and revenue per labor hour.
- Employee turnover rate, a leading indicator of operational instability before it shows up in the financials.

IV. Review Cadence, and What Each Cycle Is For

- **Weekly:** sales trend, inventory position, staffing adjustment for the coming week.
- **Monthly:** full KPI review against the prior period and stated targets.
- **Quarterly:** strategic reassessment, including whether the business plan itself needs recalibration.

V. Margin Discipline at Scale

- Micro-cost variance compounds at volume. A fraction-of-a-cent difference on a high-frequency SKU scales into four or five figures annually, run the multiplication before dismissing it as negligible.
- Staffing precision by day-part: identifying your two or three slowest shifts and cutting one position can recover 25 to 30 percent in labor cost on those shifts without a service-level hit.

VI. Why Tracking Isn't the Same as Using

- Having the dashboard is necessary but not sufficient. The actual skill is knowing which metric to act on first when two are moving in conflicting directions, for example rising sales alongside rising labor cost as a percentage of sales, and what the correct response is versus the tempting one.

VII. Diligence Signal

- A target with a live KPI dashboard and demonstrated break-even discipline is pricing its own risk correctly.
- A target that can't produce these metrics on request is asking a buyer to underwrite a gap it hasn't measured itself.