



# How To Calc Critical Ops Metrics

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## Billing Ratio

Definition: What you get paid vs. what it takes you to deliver.

Calculation: Billing Ratio (BR) = ((Revenue/standard rate) vs. time spent to deliver)

Target: Greater 110%

Outcomes: More revenue; decreased COGS as %, more profit

### *Be Careful of these mistakes*

1. When calculating the what you get paid, you'll have to use a standard rate for all projects. If you reduced a rate on a project to get the deal, the hours should calc off the standard rate you choose.
  2. If you don't track time well, use the total sum of original estimate of closed tasks
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## Work Ratio

Definition: How long it took you vs. the time you estimated; your 'velocity' some say.

Calculation: Work Ratio (WR) = (time spent vs. estimate)

Target: Less than 95%

Outcomes: opens capacity, more billable time, more investment time, less stress.

### *Be Careful of these mistakes*

1. If you are doing a lot of extra work, you'll see a HIGH WR, if you are not tracking time well, you could see a good WR, but your PR (below) will be low (careful).
  2. Calculate at the project level; then roll it up. You'll see outlier data. Better to remove the data than be blind to WR for any given project.
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## Production Ratio

Definition: How you are using your payroll vs time billing the client

Calculation: Production Ratio (PR) = (time spent on billable items vs. payroll)

Target: Greater than 70%

Outcomes: more revenue, byproduct of work ratio

### *Be Careful of these mistakes*

1. If you track time poorly, this is where you'll see it.
  2. Be sure to define an FTE based 2080 hours; 40 hrs x 52 weeks
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If you have questions, contact BigCyber. We can setup a free call to help. We have seen every scenario over the last few years and have solutions to help you get to understand your critical ops metrics. - Josh & Dave