GROWTH NUMBERS INVESTORS WATCH

The metrics investors and lenders use to judge a growing business, explained in plain words with examples.

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AT A GLANCE

- Investors look for **growth, quality of revenue, efficiency and staying power**.
- Tech investors focus on numbers like **MRR, growth rate, churn and net revenue retention**. Main-street investors focus on **revenue, profit (EBITDA), margins and repeat customers**.
- Know your numbers, define them clearly, and track them the same way every month.

Why it matters

When you raise a bigger round or meet investors at graduation, these numbers will drive the conversation. Founders who know them confidently earn trust quickly.

Numbers for every business

Metric	What it means	Why investors care
Revenue growth	How fast sales are growing, often year over year	Shows demand
Gross margin	Share of sales left after direct costs	Shows pricing power and efficiency
EBITDA	Profit before taxes, interest, and accounting adjustments	Common measure of operating profit
Customer concentration	Share of revenue from your largest customers	Lower risk if no one customer dominates
Repeat or retention rate	Share of customers who come back	Shows loyalty and future revenue
Cash runway	Months your cash will last	Shows risk

Extra numbers for tech and subscription businesses

Metric	What it means
MRR / ARR	Monthly or annual recurring revenue: money customers pay on a regular plan
Monthly growth rate	How much MRR grew from last month, as a percentage
Churn	Share of customers (or revenue) that cancels each month
Net revenue retention (NRR)	Revenue from last year's customers this year, including upgrades and cancellations. Over 100% means existing customers are growing.
CAC and payback	Cost to win a customer, and months to earn it back. See **M-09 Unit Economics: What Each Customer Is Worth**.
Burn rate	How much more cash goes out than comes in each month

Example: Sofia's numbers

> EXAMPLE
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> Sofia's MRR grew from **$40,000** to **$46,000** in a month: ($46,000 − $40,000) ÷ $40,000 = **15% monthly growth**. Of the $40,000, customers who canceled took away $1,200 (3% revenue churn), while upgrades added $2,000. So from existing customers alone, revenue went from $40,000 to $40,800, about **102% retention** for the month. The rest of the growth came from new clinics.

Example: a main-street business

> EXAMPLE
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> Rosa's cleaning company: revenue up **28%** year over year to $1.2 million, gross margin **48%**, EBITDA **$190,000** (about 16% of revenue), **70%** of revenue from recurring contracts, and no client above **5%** of revenue. Those numbers tell an investor the business is steady, growing and not dependent on any one client.

Tips

- **Define each metric** in writing and calculate it the same way every time.
- **Show trends**, at least 12 months, not just today's number.
- **Be honest** about weak numbers and your plan to improve them.
- **Make sure your numbers match** your financial statements.

Common mistakes

- **Counting one-time revenue as recurring.**
- **Hiding churn** behind new-customer growth.

- **Changing definitions** to look better.
- **Only showing your best month.**

Your checklist

- ☐ Choose the metrics that fit your business
- ☐ Write a one-line definition for each
- ☐ Calculate 12 months of history
- ☐ Add them to your monthly investor update (R-22)

Where to go next

- **O-10 Tracking the Numbers That Matter**
- **R-22 Investor Updates: Keeping Investors in the Loop**
- **UD-05 The Graduation Standard, Explained**

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