The 5 Numbers Every Service Business Should Track

Introduction
Running a service-based business is hard enough - guessing at your numbers makes it even tougher. These five key numbers give you clarity, confidence, and the ability to make smart financial decisions. If you're not tracking them now, you're leaving growth and peace of mind on the table.

1. Monthly Revenue
Why it matters: Revenue is the lifeblood of your business. Consistently tracking it helps you see trends and seasonality.
How to use it: Compare month-to-month revenue and spot dips early so you can adjust before they become problems.

2. Gross Profit Margin
Why it matters: Revenue doesn't mean much if costs eat it all up. Tracking your gross margin shows what's left after direct expenses.
How to use it: Healthy service businesses typically aim for a 50% or higher rate. If it's lower, pricing or efficiency may need review.

3. Operating Expenses
Why it matters: Expenses can creep up quickly and quietly cut into your profit.
How to use it: Review monthly to identify areas where costs can be trimmed or renegotiated.

4. Net Profit
Why it matters: This is the real bottom line. Net profit shows what's left after all expenses.
How to use it: Track this monthly and set a benchmark (e.g., 10–20%) to help determine if your business is sustainable.

5. Cash on Hand (or Cash Runway)
Why it matters: Cash flow issues are the number one reason businesses fail. Cash on hand tells you how long you can cover expenses without new revenue. Consistent positive cash flow is the key to a successful business.
How to use it: Aim to maintain at least 2–3 months of operating expenses in reserve.

Bonus: Your Business Scorecard
The best way to keep these numbers in focus is by putting them on a simple scorecard. When you can see them at a glance each month, you'll know exactly where your business stands and what action to take next.

At KDKH Financial Solutions, we help business owners stop guessing and start growing with clarity. If you're ready for accurate books, cash flow confidence, and a strategy for growth, Schedule your free consultation today.