

7 Important KPIs to Measure in Your Advertising Agency

Several things come into play to [make your advertising agency successful](#). If you overlook even just one of them, that could cause major problems in your agency. And it won't achieve the level of success that you want for it. That said, you need to monitor these several things. What are these several things, you ask? They're the seven key performance indicators in your ad agency—KPIs for short. You need to measure all of them to determine where your agency stands currently.

"Is my agency doing fine?" "Is my agency doing things wrong?" You'll find answers to those questions by measuring its KPIs. So, in this blog, we'll introduce you to the seven important KPIs in your ad agency.

Lead Conversion Rate

We all know that [generating leads](#) is among the steps to [getting more clients](#). In that department, you need to know how well your agency is converting leads into clients. Lead generation is among your agency's costly operations. The money you invest in generating leads won't come back if they don't turn into clients. Your agency could suffer huge losses if its lead conversion rate is low.

With those said, you have to measure your lead conversion rate regularly. Some agencies only monitor the number of leads they generated, which is a mistake, and you might be doing that also. What matters more is whether those leads become clients. Remember that leads don't make money for your agency, clients do. Plus, successfully generating leads doesn't imply a direct increase in your clientele.

Monthly Revenue

Revenue is what enables your agency to be financially capable to operate every month. If revenue is low, your agency will struggle to cover a long checklist of expenses, such as salary, rent, utilities, tools, and materials. Your agency's monthly revenue is like its heartbeat. In every beat, it pumps money to each department in your agency. The money that comes from revenue is like the blood of your agency. Without it, your agency will cease to operate.

Those things we mentioned above are the reason why monthly revenue is a crucial KPI. So, every month, your agency's accounting team must calculate revenue. Monthly revenue KPI gives you a heads up glimpse of your agency's financial power for an upcoming period, or a forthcoming month specifically.

Monthly Profit

Profit is what motivates you to operate your agency, right? Of course, it is. Profit is the motivation of every business owner. If it isn't, then that means he or she is running a non-profit business. Your advertising agency is certainly not a non-profit business. For that reason, monthly profit is a critical KPI you must keep an eye on.

To know your monthly profit, you need your monthly revenue data and your accounting team's assistance. Let your accounting team present a [memo](#) showing how well your agency profited each month. If profits are high, that implies things are doing good. If they're low, that means some areas need improvement.

If profits are low, it's profit nonetheless. But, as an ad agency owner, you must have a mindset of [maximizing profits](#). However, if the monthly KPI shows the expenses outweighing revenue, that's not profit anymore, but a loss. And that's an alarming situation. It could mean significant financial struggles soon. So, make sure to track monthly profit KPI consistently.

Return on Investment

Investing is an important practice for an ad agency owner like you. It's through investing that your agency will obtain assets that can support it towards success. For sure, your [advertising agency business plan](#) has an entry about your investment strategies. After all, it wouldn't be to where it is today without your investments.

When you invest your finances, you must ensure that you'll get their worth in time. In other words, you have to ensure that your agency will be receiving returns from your investments. These returns are most likely additional assets, specifically, financial assets. They're what you call return on investment or ROI.

ROI is a vital KPI. It shows you how much of your investments' value has returned, and how much hasn't yet. Investments have to return to you in some way. If they don't, it means that you're at a severe financial loss.

Productivity

[Productivity](#) is probably the simplest KPI in your ad agency. However, it plays a significant role in its success. Particularly, the number of projects that your agency completes contributes to your monthly revenue and profit. The more projects your team finishes, the more revenue and profit your agency will earn.

Another important reason why tracking productivity KPI is necessary is to know whether your team finished projects on schedule. Your agency has to complete projects before on time if it's to satisfy clients. Speaking of clients, we'll be talking about them later.

Remember that your ad agency is also considered as a creative agency. And creative agencies, in general, have to meet strict deadlines. So, see to it to monitor productivity constantly. Make sure that your team members are aware of completion dates.

Client Satisfaction

Among the [marketing strategies](#) of many agencies is priding themselves in satisfying their clients' demands. And it worked for most of them. If that's also how you sell your agency, then keep doing it.

However, claiming that your agency can satisfy clients and doing it are two different things. If your agency fails to live up to expectations, that'll disappoint your clients for sure. And that could lead to a huge client churn. To prevent such an outcome, you have to measure your agency's client satisfaction KPI. In doing so, you'll obtain details about what your agency did wrong and what improvements your team needs. Thus, preventing further client dissatisfaction.

According to a report from Ameyo, firms can prevent 67% of customer or client churns if they resolve issues in the first place. Monitoring client satisfaction KPI can provide you with solutions to resolve issues that cause churn. So, see to it to include it in your client management tactics.

Client Retention Rate

In running an ad agency, you need to retain your clientele to keep profit and revenue steady. That process is what you call client retention, and it's an important KPI. For every client, your agency has to ensure that each of them becomes a regular client. In that way, past clients will rehire your agency for future [project proposals](#).

With the client retention rate KPI, you'll see how successful your agency is in keeping clients. Subsequently, you'll get ideas to improve your agency's client retention strategies. Take note that retaining clients is key for a sustainable service-based business such as your agency.

All of these KPIs are essential for your planning and management tactics. They can provide you with a lot of insight into your agency's future. That's the core reason why we encourage you to measure them. So, start keeping tabs on them as soon as possible.