Analytica de Negocios
FP&A Consulting

PRACTICAL GUIDE

7 key financial KPIs for your SME

What to measure to decide with information, not intuition

www.analyticadenegocios.com

WHY THESE 7

Numbers are useless if no one looks at them

Many SMEs make decisions looking only at the bank balance. These seven indicators give you the real pulse of the business: they tell you whether you truly make money, whether cash will hold, and which levers to pull. You don't need an expensive system to start: a tidy spreadsheet and the discipline of reviewing them every month already change the game.

1 Gross margin

What it is: (Sales – Cost of sales) / Sales.

Why it matters: It measures how much your product or service leaves before overhead. It is the foundation of all profitability.

How to read it: Track its month-over-month trend. A sustained drop signals problems in pricing, costs or product mix.

2 EBITDA margin

What it is: EBITDA / Sales. EBITDA is operating profit before interest, taxes, depreciation and amortization.

Why it matters: It shows the "pure" operating profitability of the business, comparable across periods and against peers.

How to read it: Compare it against your budget and your sector. If gross margin rises but EBITDA does not, the issue is in fixed costs.

3 Operating cash flow and runway

What it is: The cash the operation generates (or consumes). Runway = months of cash available at the current burn rate.

Why it matters: Accounting profit does not pay salaries; cash does. Runway tells you how much time you have before running out of oxygen.

How to read it: Project at least 13 weeks of cash. If runway drops below 6 months, raise the alarm and act ahead of time.

4 Cash conversion cycle

What it is: Days of inventory + days of receivables – days of payables (DIO + DSO – DPO).

Why it matters: It measures how long each unit of money takes to come back as cash. A long cycle chokes working capital even with strong sales.

How to read it: Aim to shorten it: collect sooner, negotiate reasonable payment terms and avoid overstock.

5

Break-even point

What it is: The sales level where you neither gain nor lose: Fixed costs / Contribution margin (%).

Why it matters: Knowing your sales floor sets prices, costs and commercial targets. It is the compass of any plan.

How to read it: If you are near break-even, decide with data: raise margin, cut fixed costs or push volume.

6

Revenue growth

What it is: Percentage change in sales from one period to another (monthly, year-over-year).

Why it matters: Healthy growth sustains company value. Growth without margin or cash, on the other hand, sinks it.

How to read it: Never look at it alone: always analyze it together with margin and cash generation.

7

Liquidity and working capital

What it is: Current ratio = Current assets / Current liabilities. Working capital = Current assets – Current liabilities.

Why it matters: It measures your ability to cover short-term obligations without choking.

How to read it: A current ratio below 1 is usually a sign of tension. Watch the trend, not just the point value.

Want to implement them in your company?

At Analytica de Negocios we get these KPIs running on an up-to-date control dashboard, connected to your data, with a clear read for every decision. Book a free first meeting at www.analyticadenegocios.com and let's start reading the financial DNA of your business.