

## Benchmarks for early-stage startup companies

A **benchmark** is like a reality check for your business numbers. It's a standard or point of comparison that helps you figure out how your startup is performing compared to similar businesses. Think of it as comparing your own progress in a race—not just against your personal best but against the performance of others running the same race.

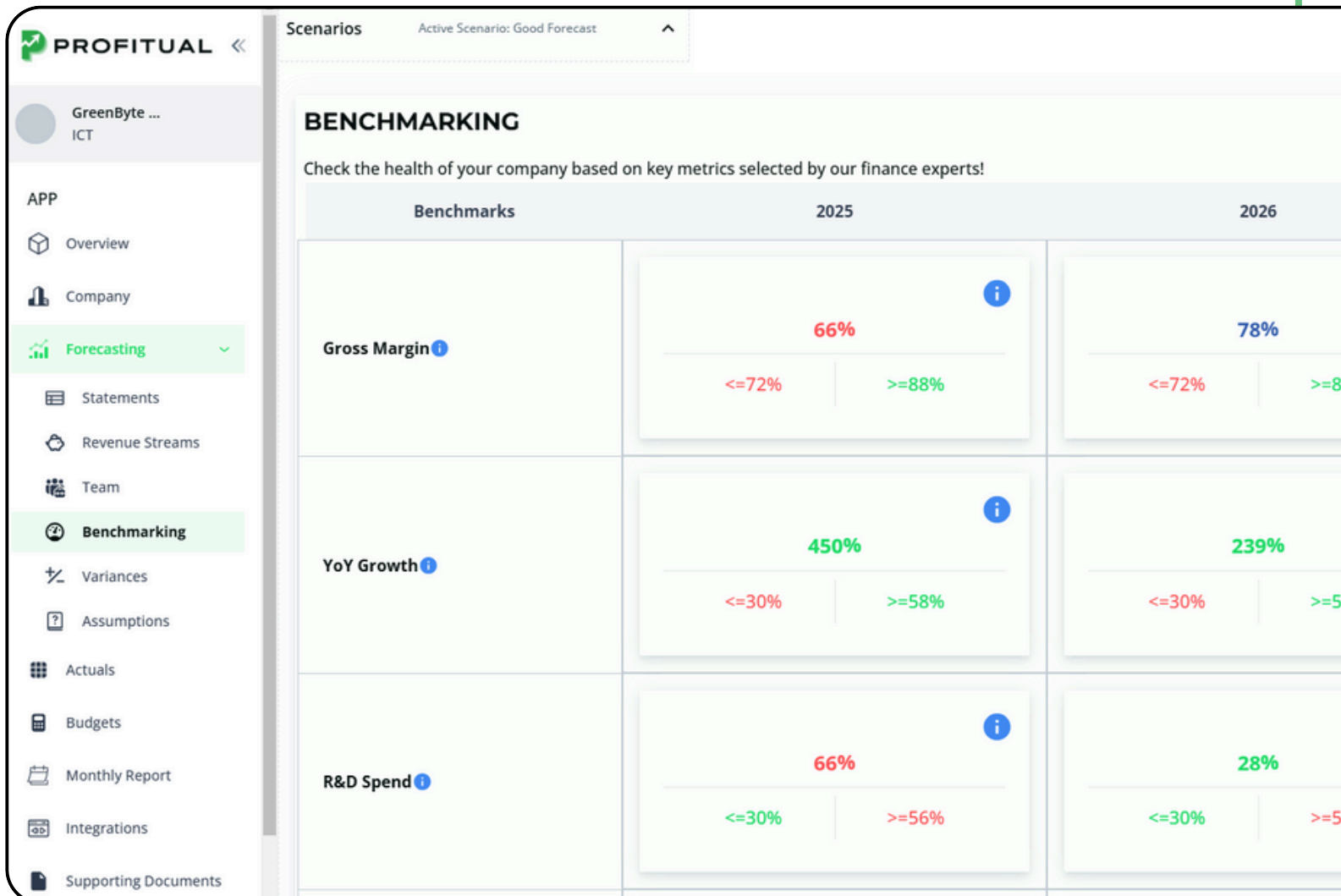
Benchmarks every startup should be using:

		Startups generating <\$1M revenue	Startups generating \$1M-\$5M revenue
Gross Margin	Gross margin is the percent of sales left after covering the costs to make or deliver your product.	85%	80%
YoY Growth	Year-over-year growth measures how much your revenue has increased or decreased compared to the same period last year.	90%	58%
R&D Spend	Research & Development (R&D) Spend is the percentage of your R&D expenses compared to the Revenue you collect.	40%	40%
M&S Spend	Marketing & Sales (M&S) Spend is the percentage of your M&S expenses compared to the Revenue you collect.	27%	35%
Revenue per Employee	Revenue Per Employee is roughly how much Revenue each employee generates for your company.	\$42K	\$90K
Burn Rate (Net)	Burn Rate (Net) is a calculation of how much Cash (Revenue - Expenses) you burn (on average) over a 12 month term.	\$50K	\$175K
Rule of 40	The Rule of 40 is a metric to determine how well your company is balancing profit and growth.	>40%	>40%
Gross Retention	Gross Retention is the percentage of customers your company has the ability to retain while maintaining revenue.	>70%	>70%

## Get the most out of your model

Understanding how your business stacks against the competition is super simple with Profitual.

Profitual calculates these critical metrics and benchmarks from your financial model, and constantly keeps them up to date.



**GET STARTED**

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