



# The 10 **honest** metrics MSPs should measure themselves by

A 2022 Guide for MSP Leaders

Brought to you by

**ZEN**  
CONTRACT

 **access4**

## – A NOTE FROM THE AUTHORS –

With an overwhelming amount of data now at our fingertips, which KPIs should Managed Service Provider leaders actually pay attention to?

"The following ten metrics were the most important indicators (in no set order) which I tracked religiously, and held myself and my team accountable to, as owner of an MSP for over a decade."



**Greg Sharp**

Founder & CEO of ZenContract  
Former MSP owner & MSP industry mentor.

[greg@zencontract.com](mailto:greg@zencontract.com)

**Peter Eldon**

Sales & Marketing Director of Access 4

[peter.eldon@access4.com.au](mailto:peter.eldon@access4.com.au)



## - TABLE OF CONTENTS -

- 1 Average tickets per user
- 2 Time to resolution
- 3 Total Contracted Revenue (TCR)
- 4 Burn rate of fixed contracts
- 5 Contract renewal rates
- 6 Resell Profitability
- 7 Employee engagement
- 8 Employee productivity rate
- 9 Client satisfaction
- 10 Client effort

# ONE

# Average tickets per user

## WHY:

This allows you to gauge whether your customer environments are optimised or problematic. If you have too many tickets on average, it indicates your end user customers may be frustrated with having to lodge continuous support requests.

## THE BENCHMARK?:

Aim for a maximum of 0.75 tickets per end user. Anything above this should signal an escalation for a closer look.



## THE EXAMPLE:

If you support 2,500 users but have 2,650 tickets, that's 1.1 tickets per user.

This would be considered on the high side.



# TWO

## Average time to resolution

### WHY:

The average total time it takes your team to resolve a ticket not only has service level agreement implications, but can be a yard stick for technician effectiveness and appropriate team resourcing.

### THE BENCHMARK?:

Aim for less than an hour (my MSP's goal was 45 minutes).

If your average is above an hour, start with an analysis of the outliers to see if there's a particular category, site or individual pushing up the average.



# THREE

## Total Contracted Revenue (TCR)

WHY:

MSPs should pay attention to three things here:

- a) What is your monthly \$TCR?,
- b) Is it growing? ("the monthly steeple chase"), &
- c) What % of my overall revenue is in contract vs out?

Tracking TCR is not only helpful from a cashflow perspective, but can be one of the most telling signs of an MSP's broader state. A low, or declining, TCR suggests a lack of account compliance, client engagement, and possibly even low service levels if deliverables and scope are missing or outdated.

THE BENCHMARK?:

We estimate that typically only 60-70% of MSPs' revenue is in compliant contracts, with the remainder operating under either casual or now expired engagements. However that should act as your baseline only - the real goal should unequivocally be 100%, to secure your business' value and protect against risk.

# FOUR

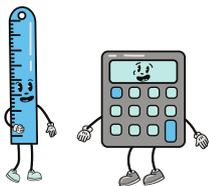
# Burn rate of fixed price contracts

WHY:

Calculating your loaded cost of technician time (their wage plus overheads and non-productive time) allows you to then determine the true profitability of your fixed fee client engagements.

THE BENCHMARK?:

Obviously the lower the contract burn rate, the better as it means more profit to your bottom line. But the maximum I would want to see is 80% - anything above this should be calling for a contract review to ensure either the scope, or the fee, is still appropriate.



HOT TIP:

To protect yourself from suffering high burn rates, ensure your contract compliance is up to scratch - allowing you the ability to lean on scope creep, or fair use clauses, to recover more fees.

# FIVE

# Contract renewal status & success rates

## WHY:

An MSP's renewal rate is one of the most important sales figures. Whilst net new growth is fantastic, if you're not retaining existing clients, there's a problem.

Yet unfortunately measuring this for many MSPs is currently too hard, as they lack a central contract management tool.

## THE FIX?:

We recently built a new Renewals & Compliance Module into ZenContract to show MSPs exactly what is out of compliance or coming up for renewal, and guide them through a 4 step workflow to get it resigned.

You can check it out [here](#).



# SIX

# True Resell Profitability

## WHY:

With many MSPs reselling 10-20 vendors across thousands of end points, the monthly reconciliation of fluctuating consumption and ever-changing pricing is a headache, fraught with revenue leakage and billing errors.

## THE TOOL?:

Simply monitoring that your overall Cloud or SaaS revenue is steadily climbing month to month - while positive - is not enough.

Savvy MSPs are using automation tools such as [CloudOlive](#) to pull together vendor files such as Microsoft CSP bills, integrate directly with their PSA to automatically reconcile vendor usage against client invoicing. This not only alleviates headaches and finds extra margins, but includes reporting & dashboards on true resell margins.



**ZEPA**  
CONTRACT



# SEVEN

## Employee engagement

WHY:

When employees are engaged, we see higher productivity, less absenteeism, and simply put - more of that inclination to put in superfluous effort and to go "above and beyond".

THE YARD STICK?:

This should be measured in two ways:

1) A continuous employee engagement tool which sets & manages individual goals in line with company direction, and includes quick daily or weekly checks in - such as MyBig5.

2) A culture survey, such as Gallup, conducted no more than twice per annum to avoid survey fatigue.

# EIGHT

# Employee productivity

WHY:

In today's fixed fee world, measuring how many 'chargeable' hours is no longer just about billing. It's more about general productivity indications, workload levels, and the sufficiency of your resourcing levels.

THE BENCHMARK?:

100% productivity is actually NOT the goal. In fact, that's a big problem.

I hope for between 70-80%, which means they're switched on, have enough, whilst ensuring there's no employee burn out.





# NINE

## Client satisfaction score (CSAT)

### WHY:

Many MSPs already measure Net Promoter Scores, but that only paints part of the picture.

When used right, a CSAT survey can prove to be an indispensable customer loyalty metric. You ask "How would you rate your overall satisfaction with..." either your service overall, or a granular deliverable such as "our help desk", between 1-5 (very unsatisfied, unsatisfied, neutral, satisfied, and very satisfied).

### HOW TO CALCULATE IT:

Instead of averaging the 1-5 scores, we recommend calculating the percentage of those customers who consider themselves satisfied (i.e. the 4-5 scores). This specifically tells you the percentage of happy customers.

$$\frac{\text{\# of 4-5 responses}}{\text{Total respondents}} \times 100 = \text{CSAT}$$





# TEN

# Client effort score

## WHY:

For even more targeted feedback, ask clients "on a scale of 'very easy' to 'very difficult', how easy was it to [Log a ticket with us? Purchase your new laptop? etc]"

Unlike NPS or CSAT measures, this doesn't actually indicate satisfaction - they could be a happy customer overall but find one part of your service painful, allowing you to fix the niggling problems before they impact the bigger relationship.

## HOW TO USE IT?:

Avoid survey fatigue and be smart about what you ask and how often. CES should be correlated with defined business outcomes, and is particularly handy before and after a major change to ensure you've realised the benefits.

– HOW TO LEARN MORE –



ZenContract was built by MSPs, for MSPs. Discover end to end contract management at [www.zencontract.com](http://www.zencontract.com)



Empowering businesses to deliver a world that works from anywhere. Become a partner at [www.access4.com](http://www.access4.com)

MEET US:

Book a free MSP 30 min Q&A with industry guru, Greg Sharp here.

BOOK DEMO:

Schedule a 30 min demonstration of ZenContract here.

Psst! & don't forget to follow us on LinkedIn, too!

