

The Calculation for Encore Benchmarking

Encore Strategic Benchmarking provides insight into a company's financial key performance indicators (KPIs) with data derived from expenses, revenue, and employee count. The 16 metrics calculated quarterly and monthly measure overall profitability and the employees' contribution over revenue and net operating income.

All accounts in the Encore Strategic Benchmarking app are classified to include account groups, categories, and subcategories which consist of all accounts that are directly mapped to that specific grouping. This consists of all accounts associated with their parent categories and any nested subcategories. By following this approach, any account that is mapped to the designated group, category, or subcategory, including those mapped to the nested categories and subcategories within the account hierarchy, will be incorporated.

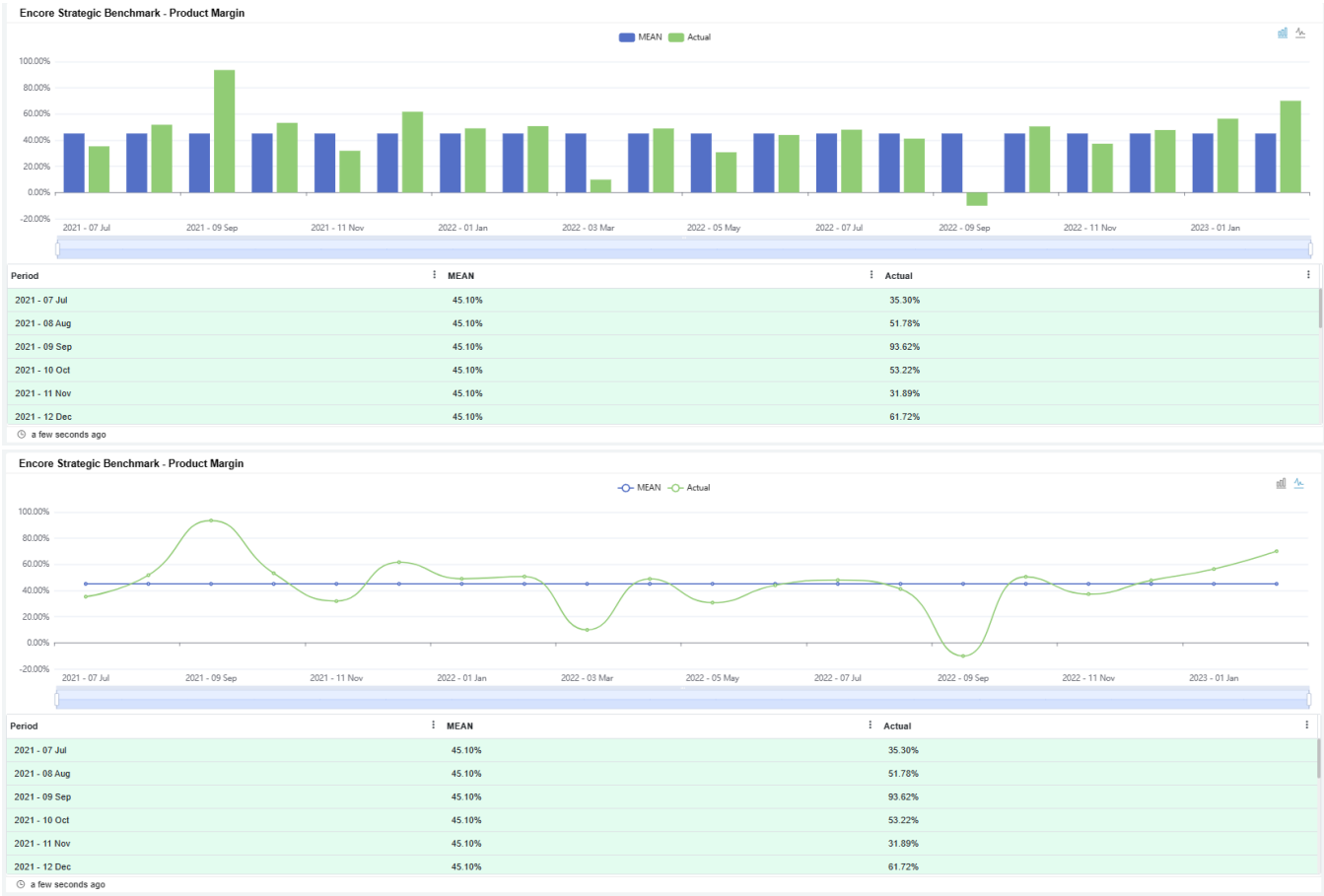
This article shows how the following metrics are calculated:

1. [Product Margin](#)
2. [Percent of Services to Total Revenue](#)
3. [Service Gross Profit Margin](#)
4. [Percent of Recurring Revenues to Total Service Revenue](#)
5. [Percent of Project and Installation Revenue to Total Service Revenue](#)
6. [Percentage of Other Non-Recurring Revenue to Total Service Revenue](#)
7. [Percent of Service Salaries to Service Revenue](#)
8. [Sales Salaries and Commissions as a Percentage of Revenue](#)
9. [Advertising and Marketing as a Percentage of Revenue](#)
10. [Admin as a Percentage of Revenue](#)
11. [Gross Profit After Sales Expense](#)
12. [Service Revenue per Service Person](#)
13. [Revenue per Employee](#)
14. [Net Operating Income](#)
15. [Net Operating Profit per Employee](#)
16. [Days Sales Outstanding \(DSO\)](#)
17. [Related Topics](#)

1. Product Margin

The Product Margin metric shows a column chart with product margin percentages by quarter and a monthly layout of the selected range. It is product revenue minus product cost of goods sold (COGS) expressed as a percentage of product revenue.

Calculation: $(\text{Product Sales} - \text{Product COGS}) / \text{Product Sales}$



Data Source: Encore mapping

Account Grouping for Product Margin

Account Category	Account Subcategory
Product Sales	Hardware & Software
	Cloud Resale
Product COGS	Hardware & Software Costs
	Cloud Resale COGS
	Special Product 1
	Special Product 2

2. Percent of Services to Total Revenue

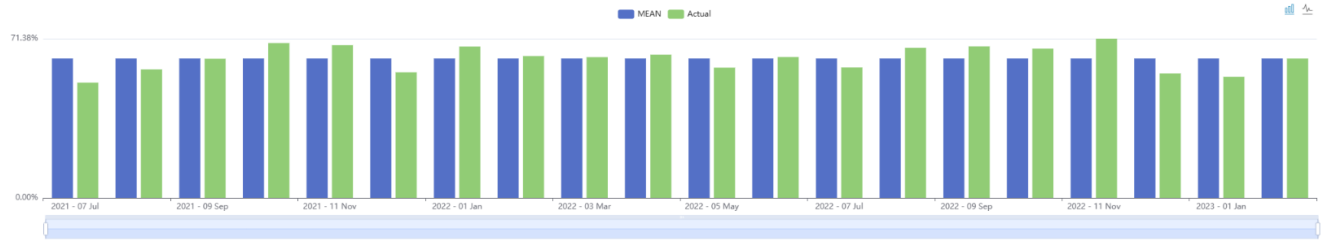
The Percent of Services to Total Revenue metric shows a column chart with the percentage of services to total revenue frequency by quarter and a monthly layout of the selected range. This is the total service revenue expressed as a percentage of total revenue.

Calculation: Service Revenue / Total Revenue

ENCORE STRATEGIC Benchmarks

Time Frame: Monthly

Encore Strategic Benchmark - Percent of Services to Total Revenue



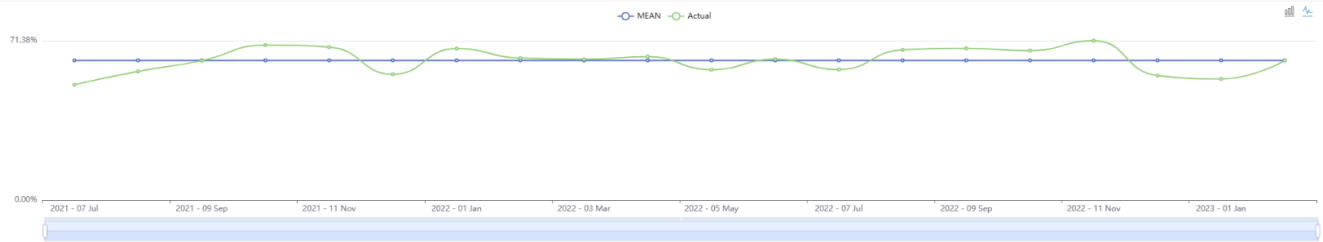
Period	MEAN	Actual
2021 - 07 Jul	62.54%	51.67%
2021 - 08 Aug	62.54%	57.60%
2021 - 09 Sep	62.54%	62.42%
2021 - 10 Oct	62.54%	69.42%
2021 - 11 Nov	62.54%	68.50%
2021 - 12 Dec	62.54%	56.32%

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ENCORE STRATEGIC Benchmarks

Time Frame: Monthly

Encore Strategic Benchmark - Percent of Services to Total Revenue



Period	MEAN	Actual
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2021 - 12 Dec	62.54%	56.32%

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Data Source: Encore mapping

Account Grouping for Percent of Services to Total Revenue

- Service Revenue

Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security
Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	

- Total Revenue

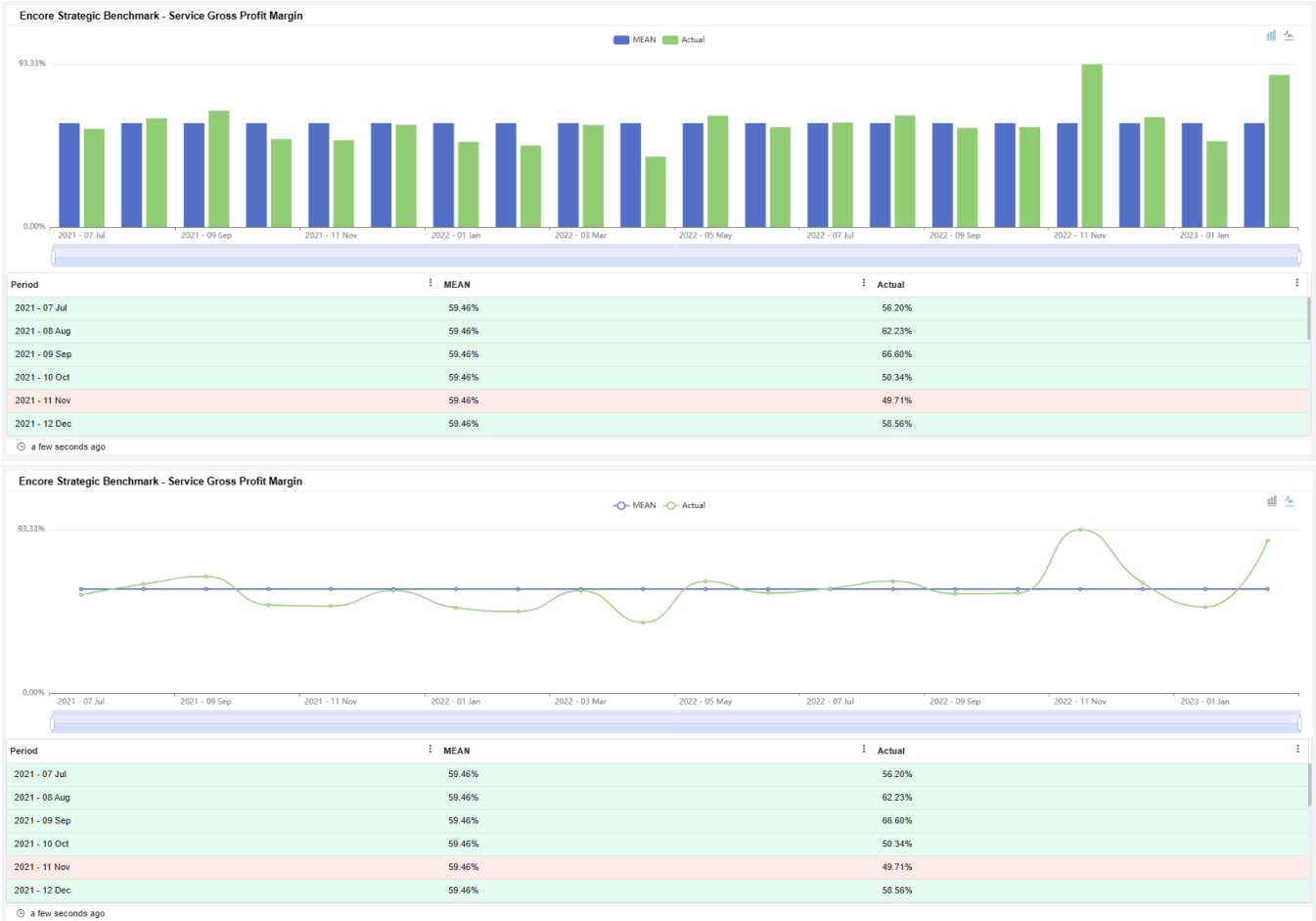
Account Group	Account Category	Account Subcategory
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Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	
	Special Product 2	
	Recurring Service Revenues	Managed Services
		BCDR
		Security
	Labor-Related Revenue	Block Hour Revenue
		Time & Materials
		Project Revenues
	VOIP Revenue	
	Hardware As A Service Revenue	
	Miscellaneous Income	
	Returns & Allowances	

3. Service Gross Profit Margin

The metric Service Gross Profit Margin benchmark displays a column chart with service gross profit margin percentages by quarter and a monthly layout of the selected range. It is service revenue minus service cost of goods sold (COGS) expressed as a percentage of service revenue.

Calculation: (Service Revenue - Service COGS) / Service Revenue



Account Grouping for Service Gross Profit Margin

- Service Revenue

Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security
Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	

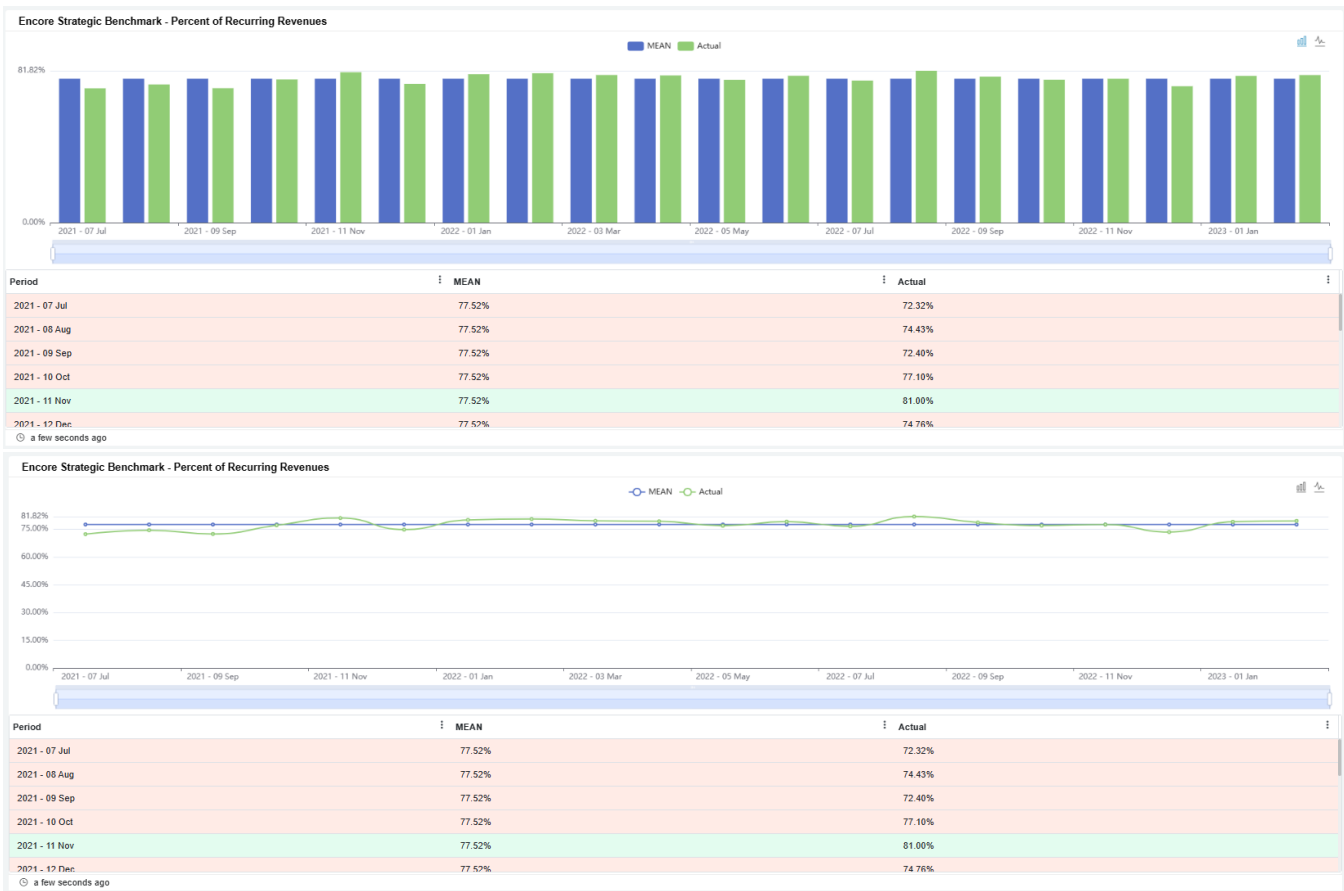
- Service COGS

Account Category	Account Subcategory
Recurring Service COGS	Managed Services Costs
	BCDR
	Security Costs
Labor Costs	Technician Salaries
	Technician Payroll Taxes
	Technician Benefits
	Project Costs
VOIP Costs	
Hardware As A Service Costs	

4. Percent of Recurring Revenues to Total Service Revenue

The Percent of Recurring Revenues to Total Service Revenue metric has a column chart showing the percentage of recurring revenues to total service revenue frequency by quarter and monthly layout of the selected range. It is recurring service revenue expressed as a percentage of total service revenue.

Calculation: $\text{Recurring Service Revenue} / \text{Total Service Revenue}$



Data Source: Encore mapping

Account Grouping for Percent of Recurring Revenues to Total Service Revenue

- Recurring Service Revenue

Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security

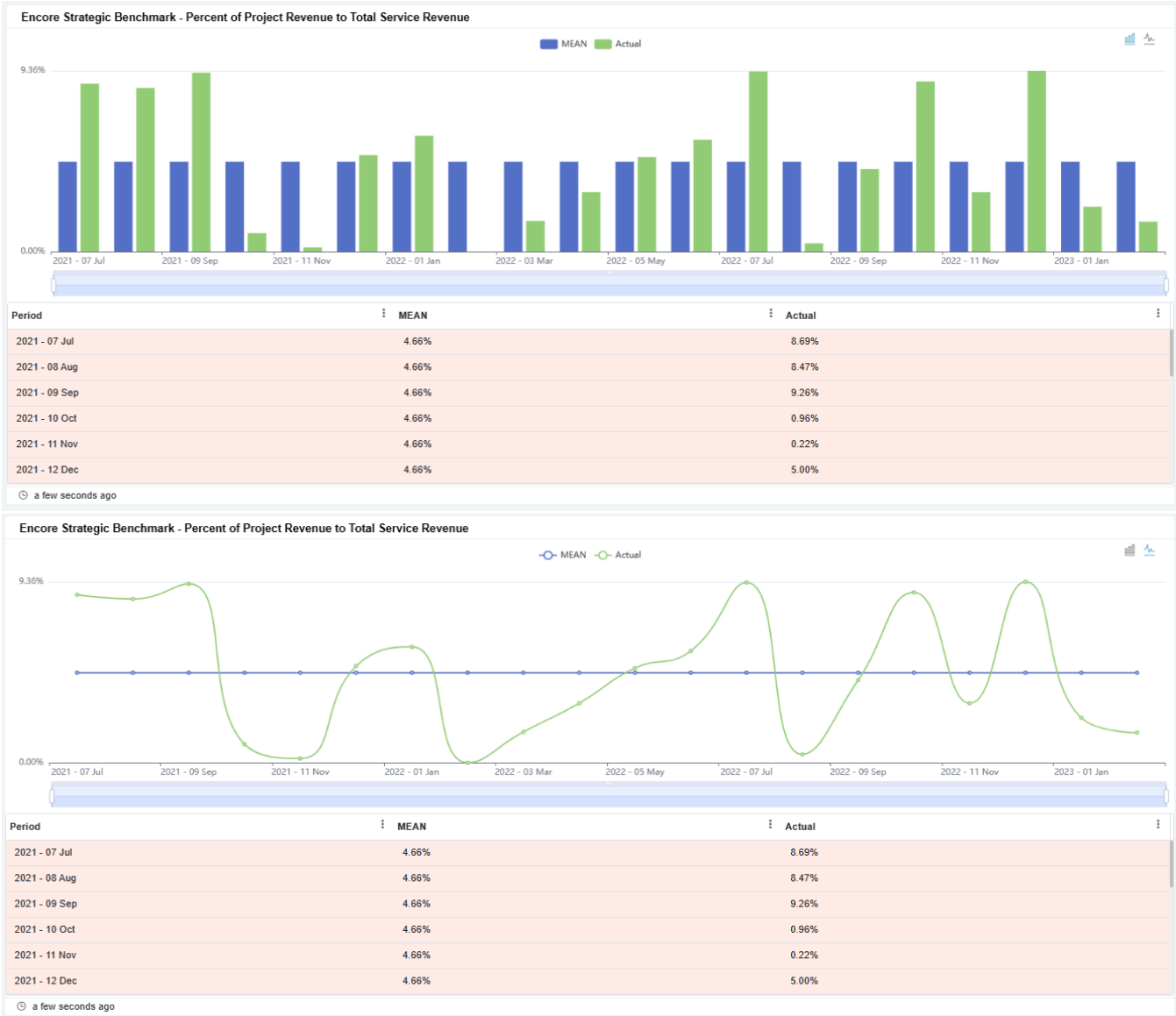
- Total Service Revenue

Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security
Labor-related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware as a Service Revenue	

5. Percent of Project and Installation Revenue to Total Service Revenue

The metric Percent of Recurring Revenues to Total Service Revenue has a column chart showing the percentage of recurring revenues to total service revenue frequency by quarter and a monthly layout of the selected range. It is recurring service revenue expressed as a percentage of total service revenue.

Calculation: Project Revenue / Total Service Revenue



Data Source: Encore mapping

Account Grouping for Percent of Project and Installation Revenue to Total Service Revenue

- Project Revenue

Account Category	Account Subcategory
Labor-Related Revenue	Project Revenues

- Total Service Revenue

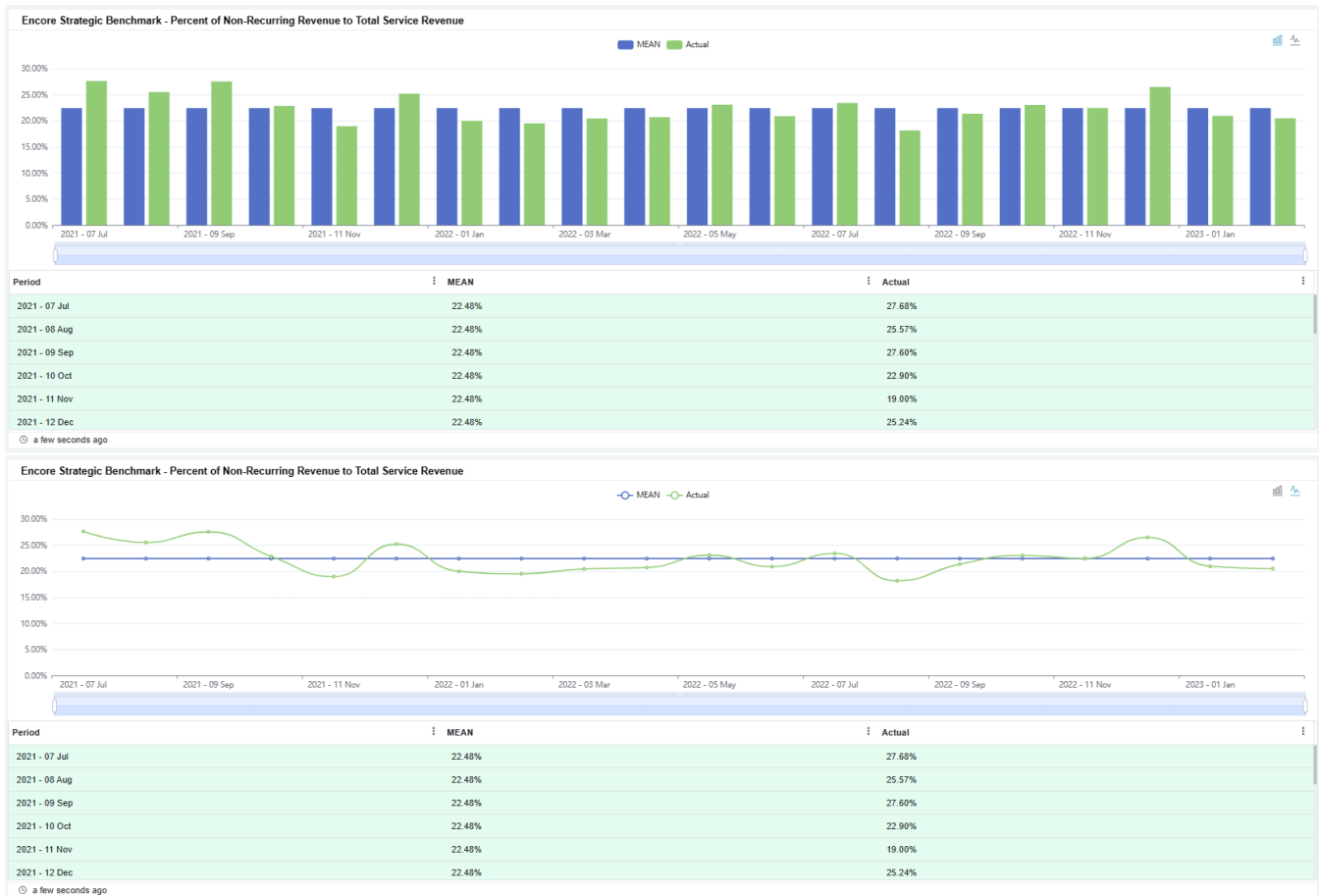
Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security

Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	

6. Percentage of Other Non-Recurring Revenue to Total Service Revenue

The Percent of Service Salaries to Service Revenue metric is a column chart showing the percentage of service salaries to service revenue frequency by quarter and monthly layout of the selected range. It is service salaries expressed as a percentage of total service revenue.

Calculation: Other Non-Recurring Revenue / Total Service Revenue



Data Source: Encore mapping

Account Grouping for Percent of Project and Installation Revenue to Total Service Revenue

- Other Non-Recurring Project Revenue

Account Category	Account Subcategory
Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	
Miscellaneous Income	

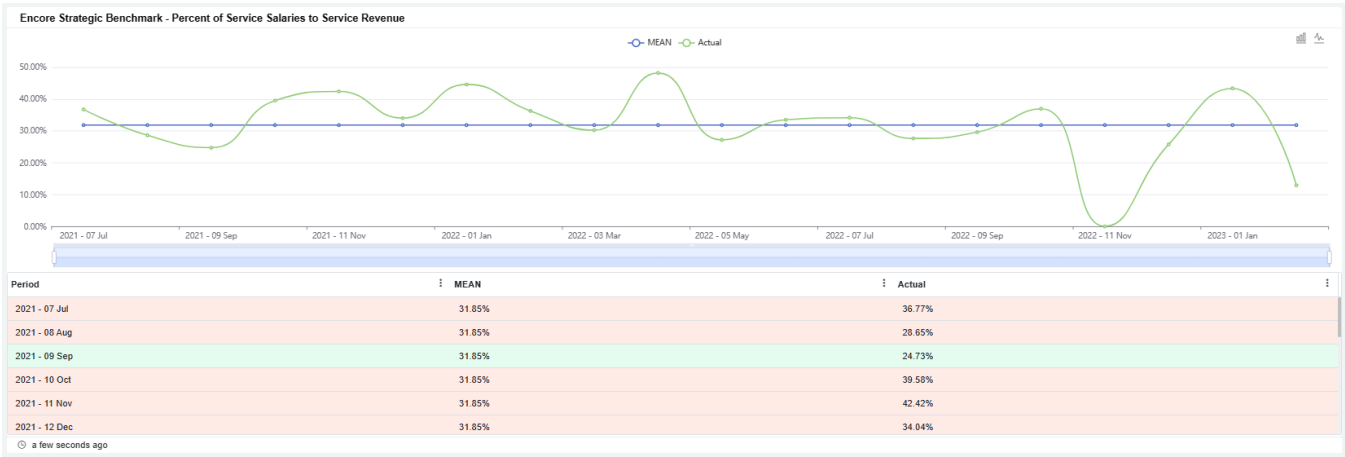
- Total Service Revenue

Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security
Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	

7. Percent of Service Salaries to Service Revenue

The Percent of Service Salaries to Service Revenue metric is a column chart showing the percentage of service salaries to service revenue frequency by quarter and a monthly layout of the selected range. It is service salaries expressed as a percentage of total service revenue.

Calculation: Technician Salaries / Service Revenue



Data Source: Encore mapping

Account Grouping for Percent of Service Salaries to Service Revenue

- Technician Salaries

Account Group	Account Category	Account Subcategory
COGS - Cost of Goods Sold	Labor Costs	Technician Salaries

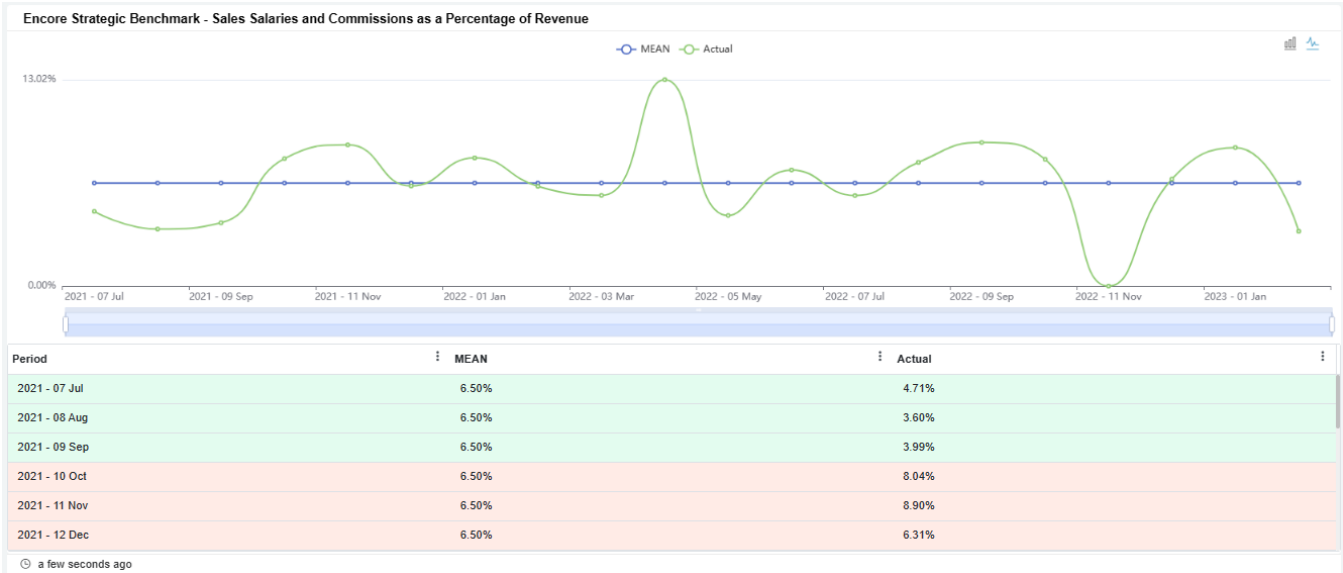
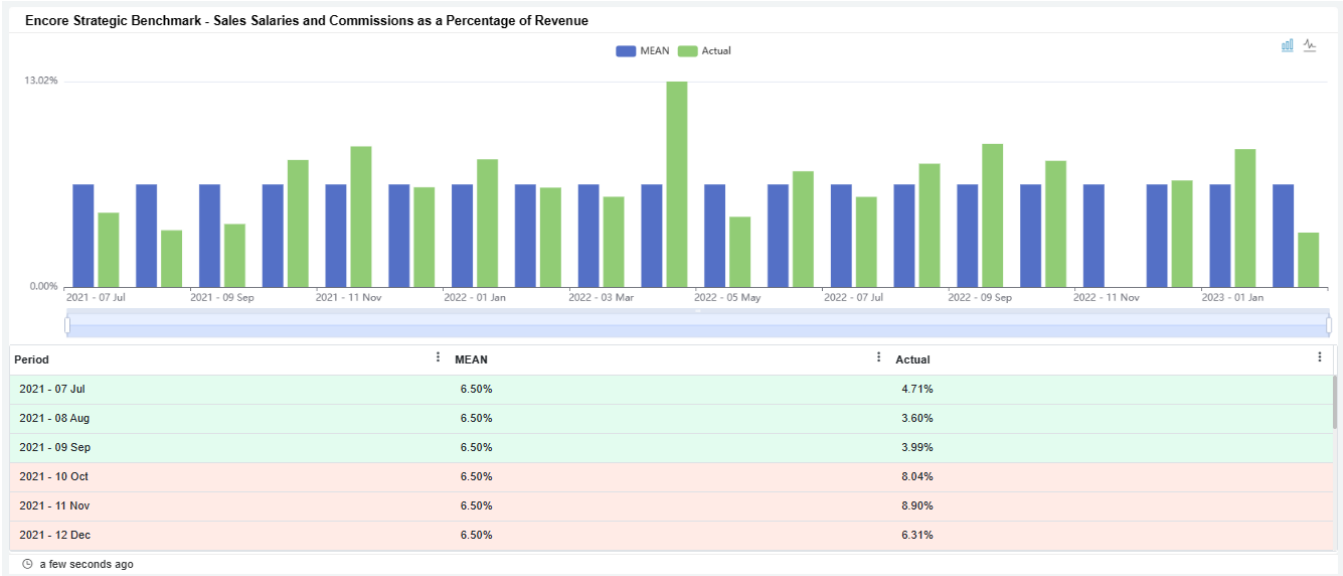
- Service Revenue

Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security
Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	

8. Sales Salaries and Commissions as a Percentage of Revenue

The Sales Salaries and Commissions as a Percentage of Revenue metric displays a column chart with sales salaries and commissions as a percentage of revenue frequency by quarter and a monthly layout of the selected range. It is sales salaries plus commission expressed as a percentage of total revenue.

Calculation: $(\text{Salaries} + \text{Commissions}) / \text{Total Revenue}$



Data Source: Encore mapping

Account Groupings for Sales Salaries and Commissions as a Percentage of Revenue

- Salaries + Commissions

Account Category	Account Subcategory
Sales Expense	Salaries
	Commissions

- Total Revenue

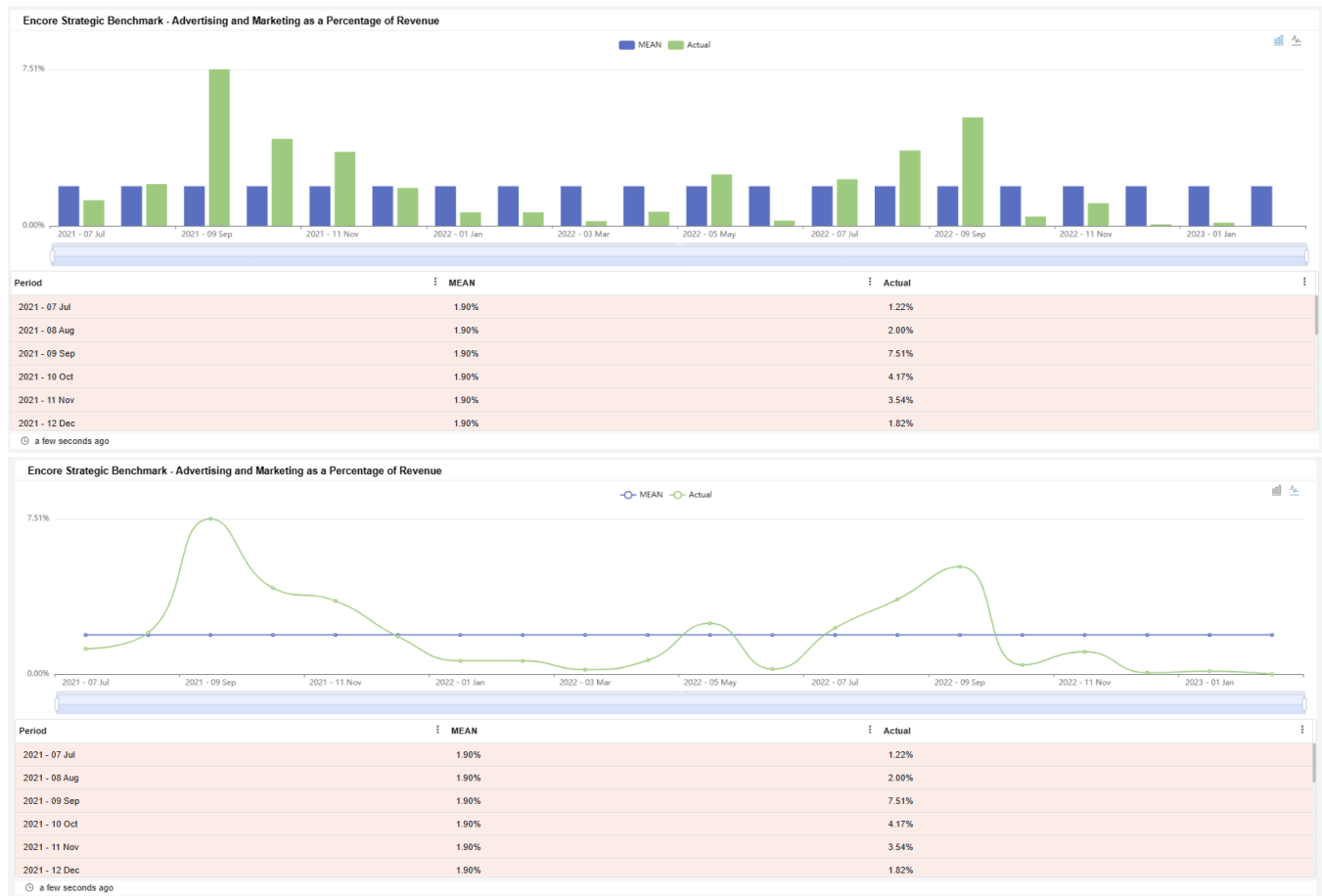
Account Group	Account Category	Account Subcategory
Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	
	Special Product 2	
	Recurring Service Revenues	Managed Services
		BCDR

		Security
	Labor-Related Revenue	Block Hour Revenue
		Time & Materials
		Project Revenues
	VOIP Revenue	
	Hardware As A Service Revenue	
	Miscellaneous Income	
	Returns & Allowances	

9. Advertising and Marketing as a Percentage of Revenue

The Advertising and Marketing as a Percentage of Revenue metric shows a column chart with advertising and marketing as a percentage of revenue frequency by quarter and a monthly layout of the selected range. It is advertising expense plus marketing expense expressed as a percentage of total revenue.

Calculation: (Advertising + Marketing) / Total Revenue



Data Source: Encore mapping

Account Grouping for Advertising and Marketing as a Percentage of Revenue

- Advertising + Marketing

Account Group	Account Category	Account Subcategory
COGS - Cost of Goods Sold	Sales Expense	Marketing
Expenses	Advertising	

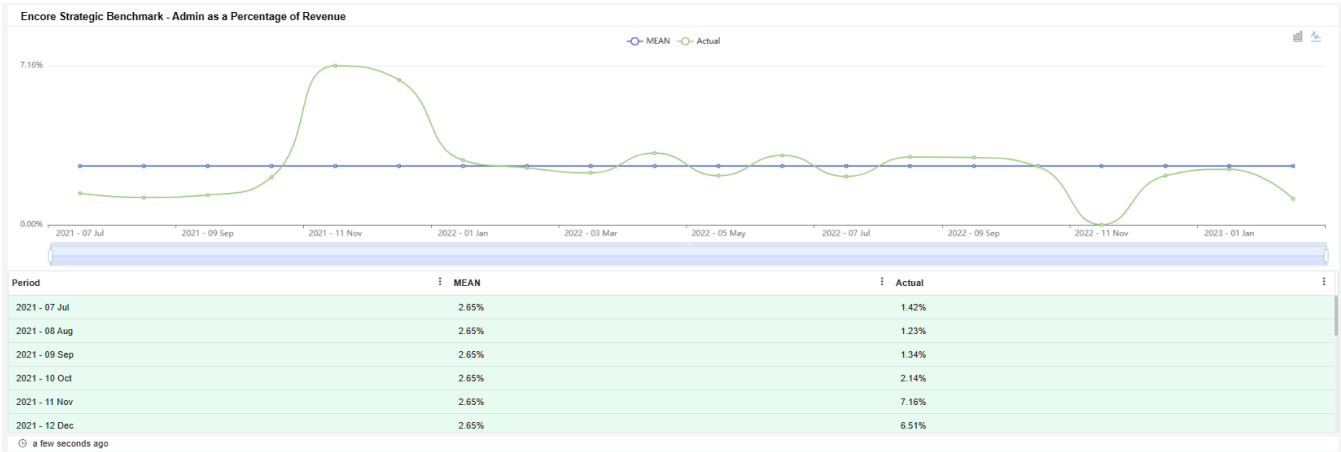
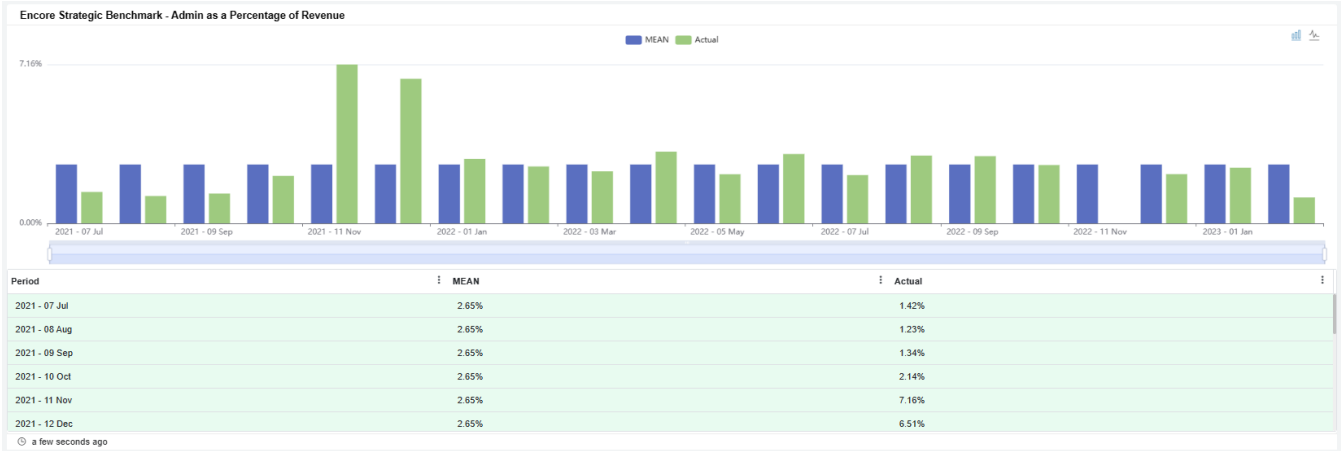
- Total Revenue

Account Group	Account Category	Account Subcategory
Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	
	Special Product 2	
	Recurring Service Revenues	Managed Services
		BCDR
		Security
	Labor-Related Revenue	Block Hour Revenue
		Time & Materials
		Project Revenues
	VOIP Revenue	
	Hardware As A Service Revenue	
	Miscellaneous Income	
	Returns & Allowances	

10. Admin as a Percentage of Revenue

The Admin as a Percentage of Revenue metric has a column chart showing admin as a percentage of revenue frequency by quarter and a monthly layout of the selected range. It is admin expenses expressed as a percentage of total revenue.

Calculation: Total Admin Expenses / Total Revenue



Data Source: Encore mapping

Account Groupings for Admin as a Percentage of Revenue

- Total Admin Expenses

Account Group	Account Category
Expenses	Salaries - Admin

- Total Revenue

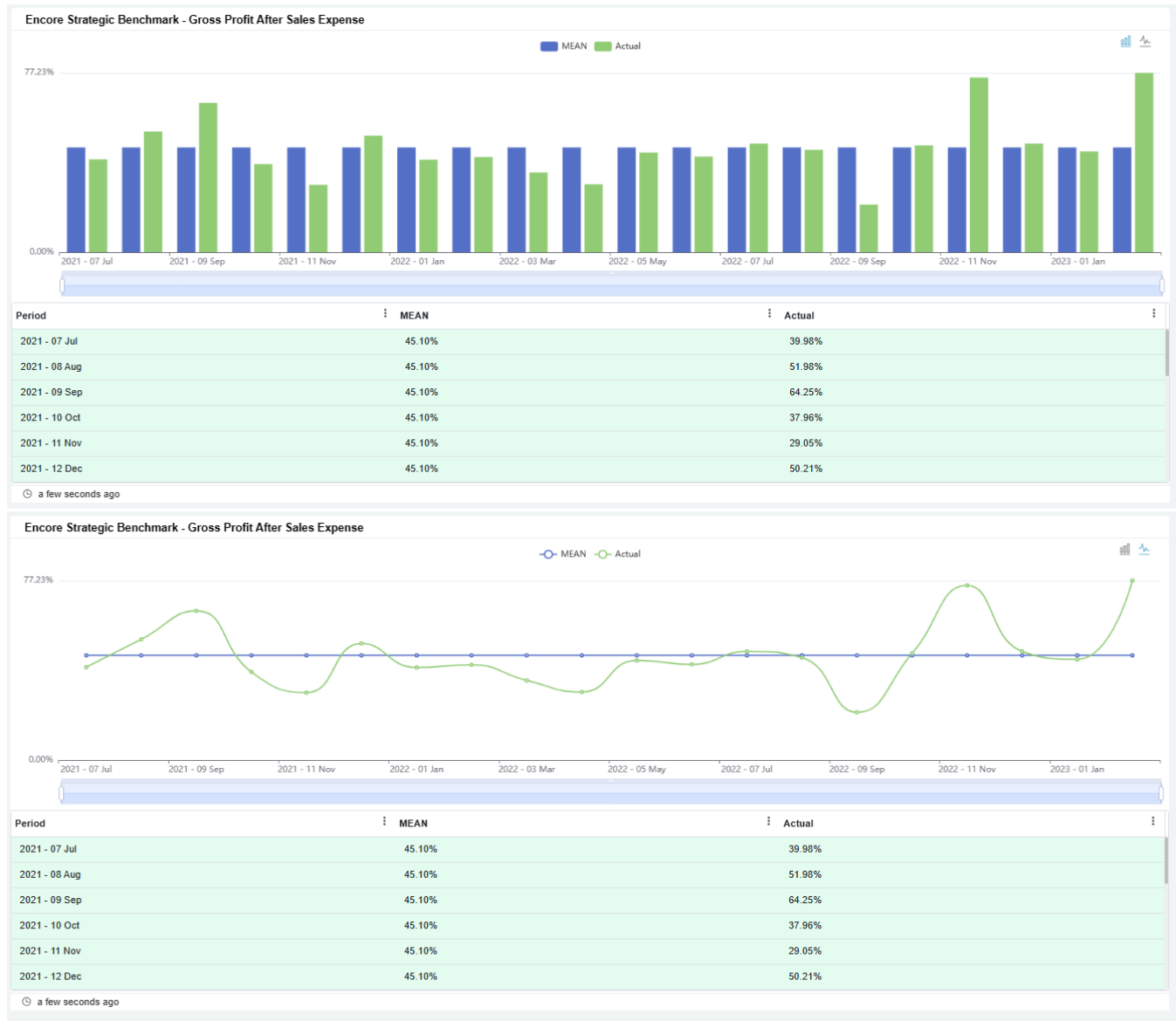
Account Group	Account Category	Account Subcategory
Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	
	Special Product 2	
	Recurring Service Revenues	Managed Services
		BCDR
		Security
	Labor-Related Revenue	Block Hour Revenue
		Time & Materials
		Project Revenues
	VOIP Revenue	
	Hardware As A Service Revenue	

	Miscellaneous Income	
	Returns & Allowances	

11. Gross Profit After Sales Expense

The Gross Profit After Sales Expense metric shows the Gross Profit After Sales Expense frequency by quarter and a monthly layout of the selected range. It is the Total Revenue less the Total Cost of goods sold minus sales expenses.

Calculation: (Total Revenue - COGS) - Sales Expenses



Data Source: Encore mapping

Account Groupings for Gross Profit After Sales Expense

- Total Revenue

Account Group	Account Category	Account Subcategory
Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	

Special Product 2	
Recurring Service Revenues	Managed Services
	BCDR
	Security
Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	
Miscellaneous Income	
Returns & Allowances	

- COGS

Account Group	Account Category	Account Subcategory
COGS - Cost of Goods Sold	Product COGS	Hardware & Software Costs
		Cloud Resale COGS
		Special Product 1
		Special Product 2
	Recurring Service COGS	Managed Services Costs
		BCDR
		Security Costs
	Labor Costs	Technician Salaries
		Technician Payroll Taxes
		Technician Benefits
		Project Costs
	VOIP Costs	
	Hardware As A Service Costs	
	Sales Expense	Salaries
		Commissions
		Marketing
		Travel and Lodging
		Training
		Other

12. Service Revenue per Service Person

The metric Service Revenue per Service Person is a column chart showing the frequency of Service Revenue per Service Person by quarter and a monthly layout of the selected range. It measures service revenue generated by each service person.

Calculation: Service Revenue / Service Person Count



Data Source: Encore mapping for Service Revenue and Encore Settings for Service Person Count

Account Grouping for Service Revenue per Service Person*

- Service Revenue

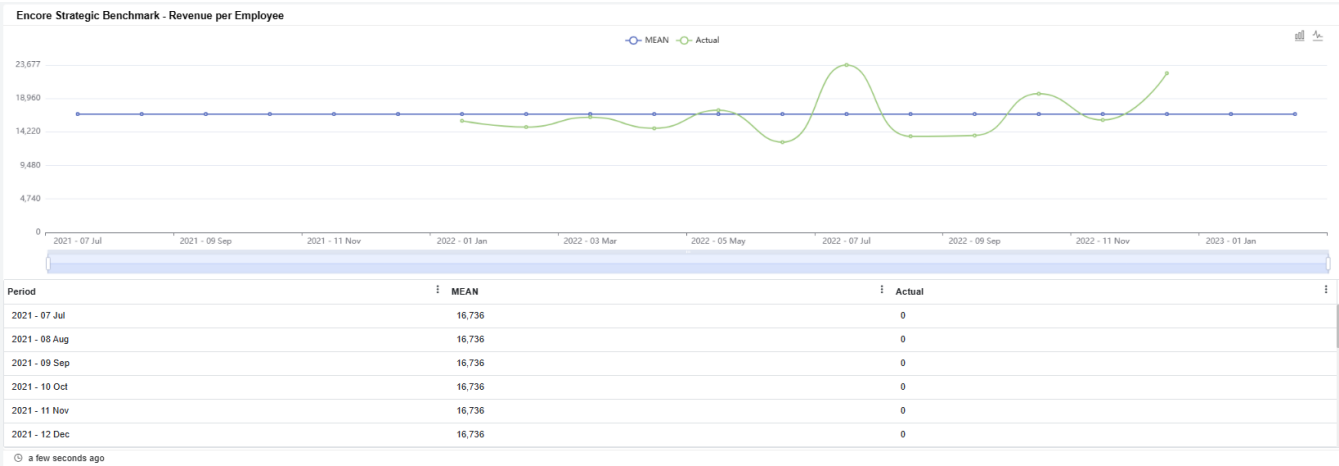
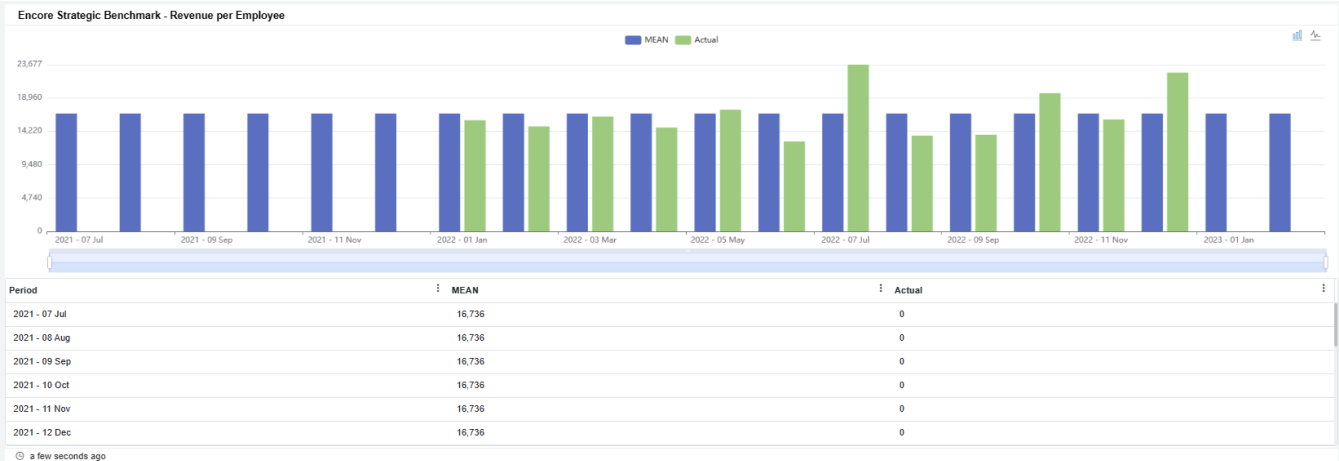
Account Category	Account Subcategory
Recurring Service Revenues	Managed Services
	BCDR
	Security
Labor-Related Revenue	Block Hour Revenue
	Time & Materials
	Project Revenues
VOIP Revenue	
Hardware As A Service Revenue	

*Service Person Count represents the calculated average of Service Employee Headcount from the Encore Benchmarking Employee Headcount Form within the specified reporting period.

13. Revenue per Employee

The metric **Revenue per Employee** is a column chart showing Revenue per Employee frequency by quarter and a monthly layout of the selected range. it is the ratio that roughly measures revenue generated by each employee.

Calculation: Revenue / Employee Count



Data Source: Encore mapping for Revenue and Encore Settings for Employee Count

Account Grouping for Revenue per Employee

- Revenue

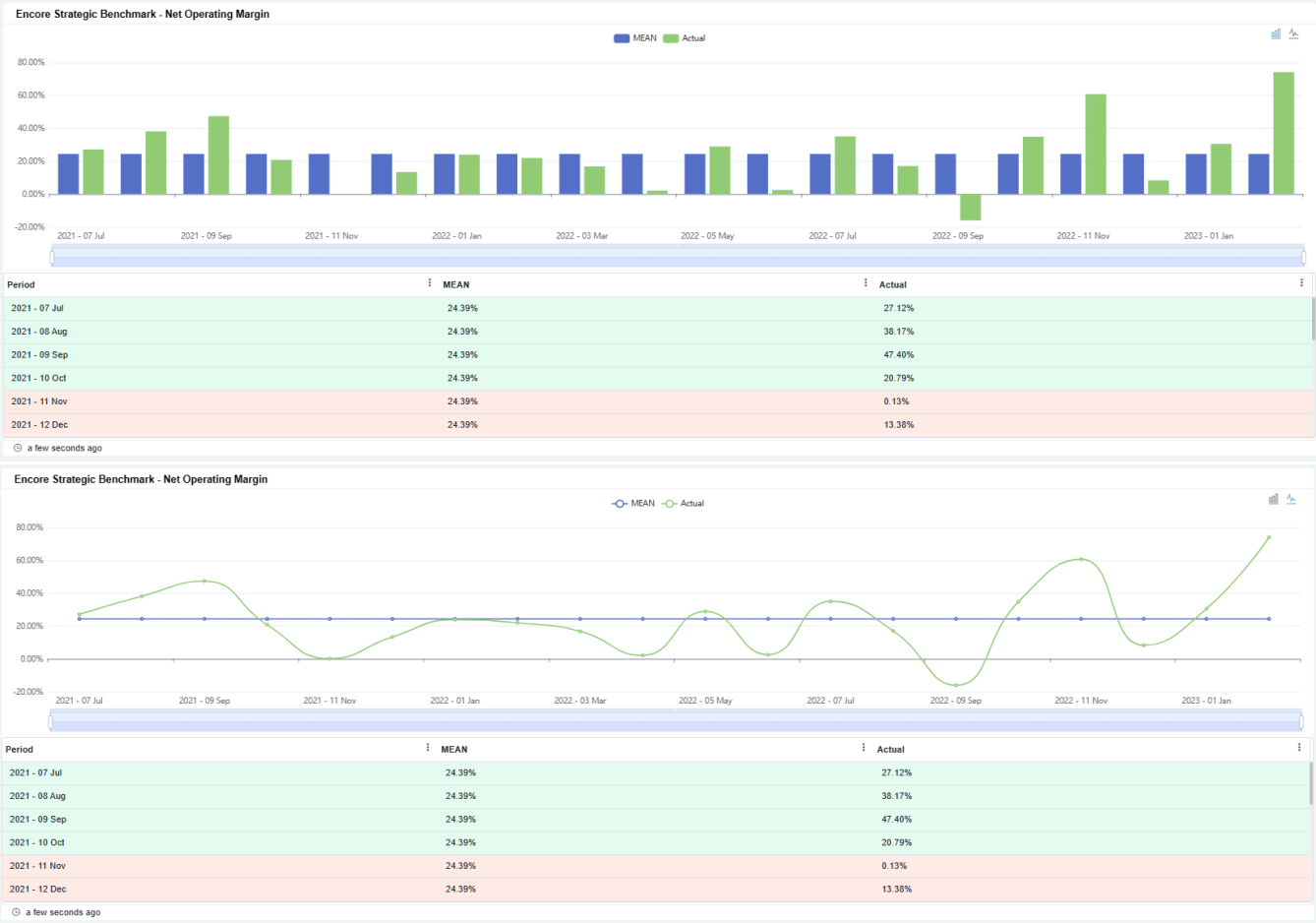
Account Group	Account Category	Account Subcategory
Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	
	Special Product 2	
	Recurring Service Revenues	Managed Services
		BCDR
		Security
	Labor-Related Revenue	Block Hour Revenue
		Time & Materials
		Project Revenues
	VOIP Revenue	
	Hardware As A Service Revenue	
	Miscellaneous Income	
	Returns & Allowances	

Employee Count represents the calculated average of Service Employee, Sales, and Admin Headcount totals from the Encore Benchmarking Employee Headcount Form within the specified reporting period.

14. Net Operating Income

The metric Net Operating Income shows net operating income percentages by quarter and a monthly layout of the selected range. It is Total Revenue minus Cost of Goods Sold(COGS), Expenses, Depreciation, and Amortization.

Calculation: Total Revenue – (COGS + Expense - Taxes)



Data Source: Encore mapping

Account Groupings for Net Operating Income

- Total Revenue

Account Group	Account Category	Account Subcategory
Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	
	Special Product 2	
	Recurring Service Revenues	Managed Services
		BCDR
		Security
	Labor-Related Revenue	Block Hour Revenue

		Time & Materials
		Project Revenues
	VOIP Revenue	
	Hardware As A Service Revenue	
	Miscellaneous Income	
	Returns & Allowances	

- COGS

Account Group	Account Category	Account Subcategory
COGS - Cost of Goods Sold	Product COGS	Hardware & Software Costs
		Cloud Resale COGS
		Special Product 1
		Special Product 2
	Recurring Service COGS	Managed Services Costs
		BCDR
		Security Costs
	Labor Costs	Technician Salaries
		Technician Payroll Taxes
		Technician Benefits
		Project Costs
	VOIP Costs	
	Hardware As A Service Costs	
	Sales Expense	Salaries
		Commissions
		Marketing
		Travel and Lodging
		Training
		Other

- Expenses

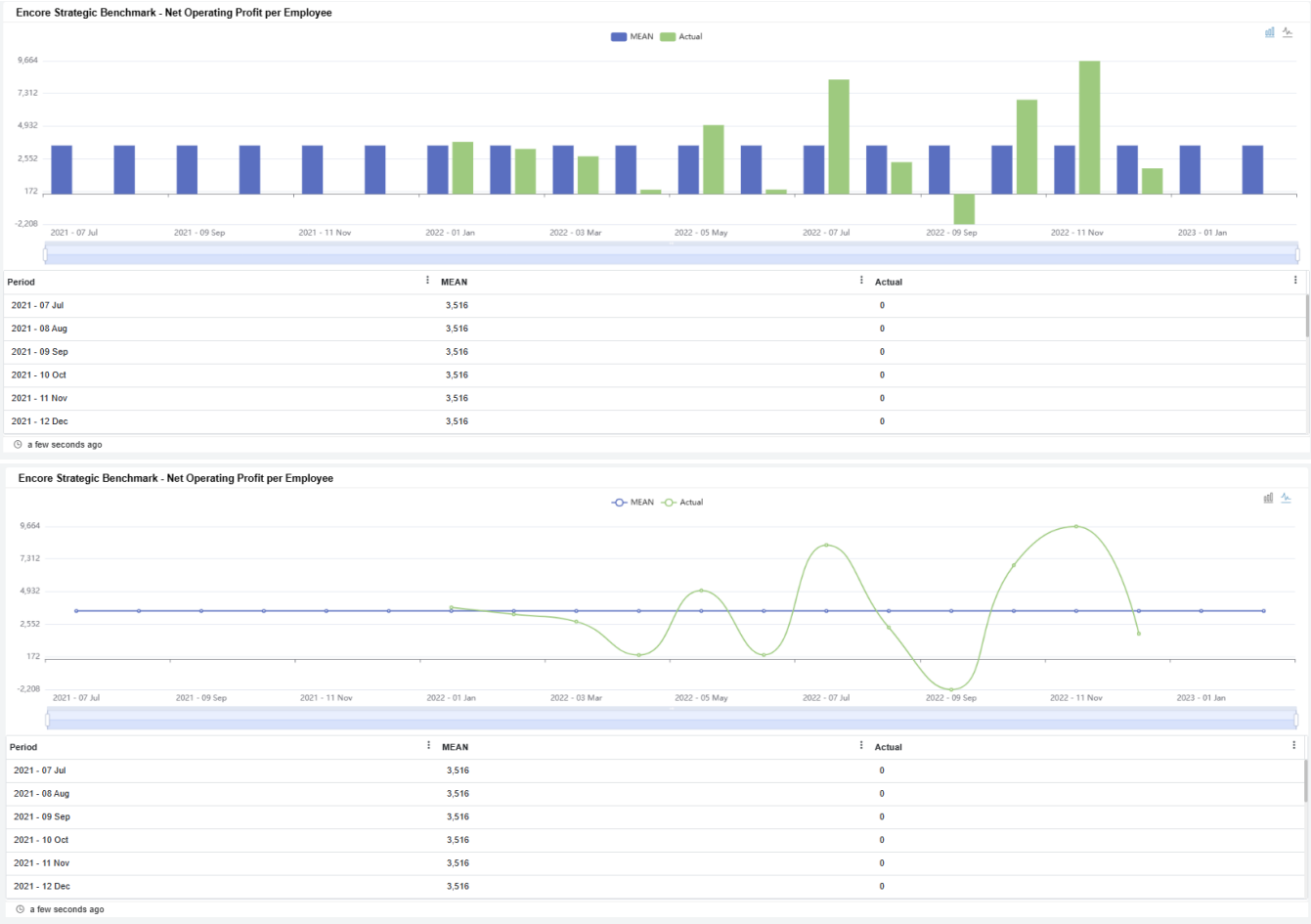
Account Group	Account Category	Account Subcategory
Expenses	Computer and Internet	
	Continuing Education	
	Dues and Subscriptions	
	Employee Benefits	
	Insurance	
	Legal and Professional	
	Licenses and Permits	
	Miscellaneous	
	Office Expense	
	Officer Salaries	
	Repairs and Maintenance	

Salaries - Admin	
Printing	
Accounting	
Advertising	
Automobile Expense	
Bank charges	
Books and publications	
Contributions	
Postage and Delivery	
Rent	
Telephone	
Travel	
Utilities	
Website	
Meals & Entertainment	
Taxes	Taxes - Business
	Taxes - Payroll

15. Net Operating Profit per Employee

The metric Net Operating Profit per Employee shows a chart with each employee's net operating profit frequency by quarter and a monthly layout of the selected range. It is the ratio that roughly measures net operating profit generated by each employee.

Calculation: [Net Operating Income](#) / Employee Count

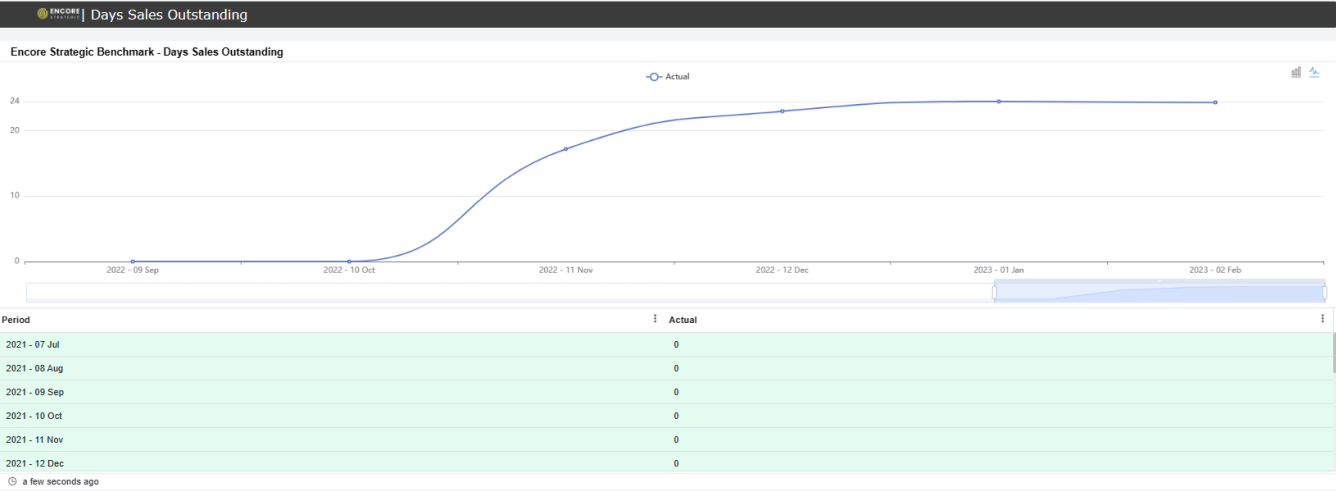
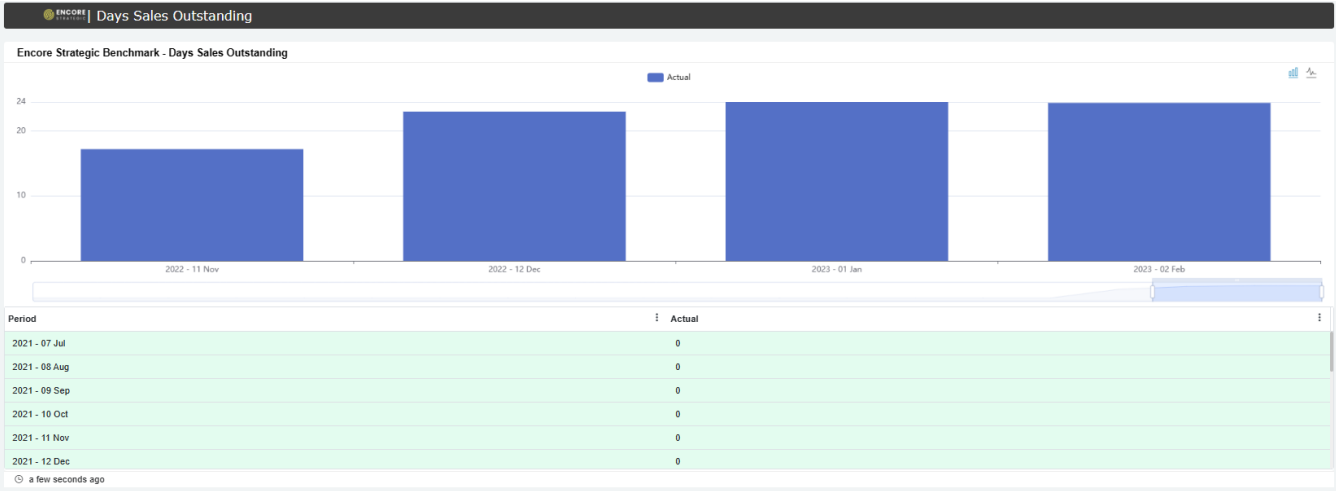


Data Source: Encore mapping for Net Operating Profit and Encore Settings for Employee Count

16. Days Sales Outstanding (DSO)

The metric Days Sales Outstanding displays a column chart with the sales outstanding in days for the current calendar period. It is a measure of the average number of days that it takes a company to collect payment for a sale.

Calculation: $DSO = (\text{Average Accounts Receivable} / \text{Total Revenue}) * \text{number of days in the specified reporting period}$



Data Source: Encore mapping

Account Grouping for DSO

- Accounts Receivable

Account Category	Account Subcategory
Accounts receivable (A/R)	Accounts receivable

- Total Revenue

Account Group	Account Category	Account Subcategory
Income	Product Sales	Hardware & Software
		Cloud Resale
	Special Product 1	
	Special Product 2	
	Recurring Service Revenues	Managed Services
		BCDR
		Security
	Labor-Related Revenue	Block Hour Revenue
		Time & Materials
		Project Revenues

	VOIP Revenue	
	Hardware As A Service Revenue	
	Miscellaneous Income	
	Returns & Allowances	

17. Related Topics

- [How to Sign Up with Encore GAIN Peer Group Benchmarking](#)
- [How to Use Accounting Mapping for Encore](#)