CHAPTER 1 · REVENUE STRATEGY

The one-page math

Work backward from the number you want, then work out what you can afford to spend to get there. Fill in your own figures, and round freely.

01 Work backward from the goal

Revenue today	
Where you want to be, and by when	
Revenue you lose in a typical year Customers who leave or stop buying	
Total gap `= goal − today + what you lose`	
What a new customer is worth in year one	
New customers needed `= gap ÷ what a new customer is worth`	
Of every 10 real leads, how many you win	
Real leads needed `= new customers ÷ (wins per 10 ÷ 10)`	
Of every 10 inquiries, how many are real	
Inquiries needed `= real leads ÷ (real per 10 ÷ 10)`	
Inquiries you get today Count a normal year, not your best one	
The gap between what you need and what you get `= inquiries needed − inquiries you get today`	

READ IT THIS WAY

The shortfall isn't a request for "more marketing." It's more inquiries, a better win rate, or bigger customers. **Those are three different plans with three different price tags.**

CHAPTER 1 · REVENUE STRATEGY · CONTINUED

The one-page math

02 How much to spend

Everything it takes to win a customer, not just ads.

How many years a customer usually stays	
Your gross margin What's left of each dollar after the direct cost of the work	
Gross profit from one customer `= year-one value × years × margin`	
Most you should pay to win one `= gross profit ÷ 3`	
What you'll plan to pay to win one At or below the line above. Start low while you learn.	
Months to earn it back `= what you'll pay ÷ one month of year-one gross profit`	
Budget for the year `= new customers needed × what you'll pay`	
What you can pay per inquiry `= budget ÷ inquiries needed`	

EXAMPLE: A $40,000 CUSTOMER WHO STAYS 3 YEARS	20% MARGIN	40% MARGIN	60% MARGIN
Gross profit over 3 years	$24,000	$48,000	$72,000
Most you should pay to win one	$8,000	$16,000	$24,000

THE 3-TO-1 RULE

A customer should bring in at least three times what it cost to win them, in gross profit, and pay it back within about a year. **If your margin is thin, raise what each customer is worth before you buy more ads.**

CHAPTER 1 · REVENUE STRATEGY · CONTINUED

The one-page math

03 Ask why twice

A real second answer names who, how many, and what it's worth.

YOUR THREE BIGGEST MARKETING EXPENSES	WHY DO WE DO IT?	WHY, AGAIN? WHO, HOW MANY, AND WHAT IT'S WORTH	KEEP, CUT, OR REBUILD?
			☐ Keep ☐ Cut ☐ Rebuild
			☐ Keep ☐ Cut ☐ Rebuild
			☐ Keep ☐ Cut ☐ Rebuild

Example of a second answer that holds up: "Our best customers search for these three things before they buy. Showing up there should bring about 10 more real leads a quarter. At our close rate that's two new customers, or about $80,000."

04 What you're losing, in plain numbers

Revenue that walks out the door each year From line 3 on the first page	
That's how many customers you have to win just to stay even What you lose ÷ what a new customer is worth	
Biggest reason customers leave, as far as you know	

THE TEST

If the second answer can't name who, how many, and what it's worth, **that expense is a candidate to cut, or to rebuild around a reason you can check.**