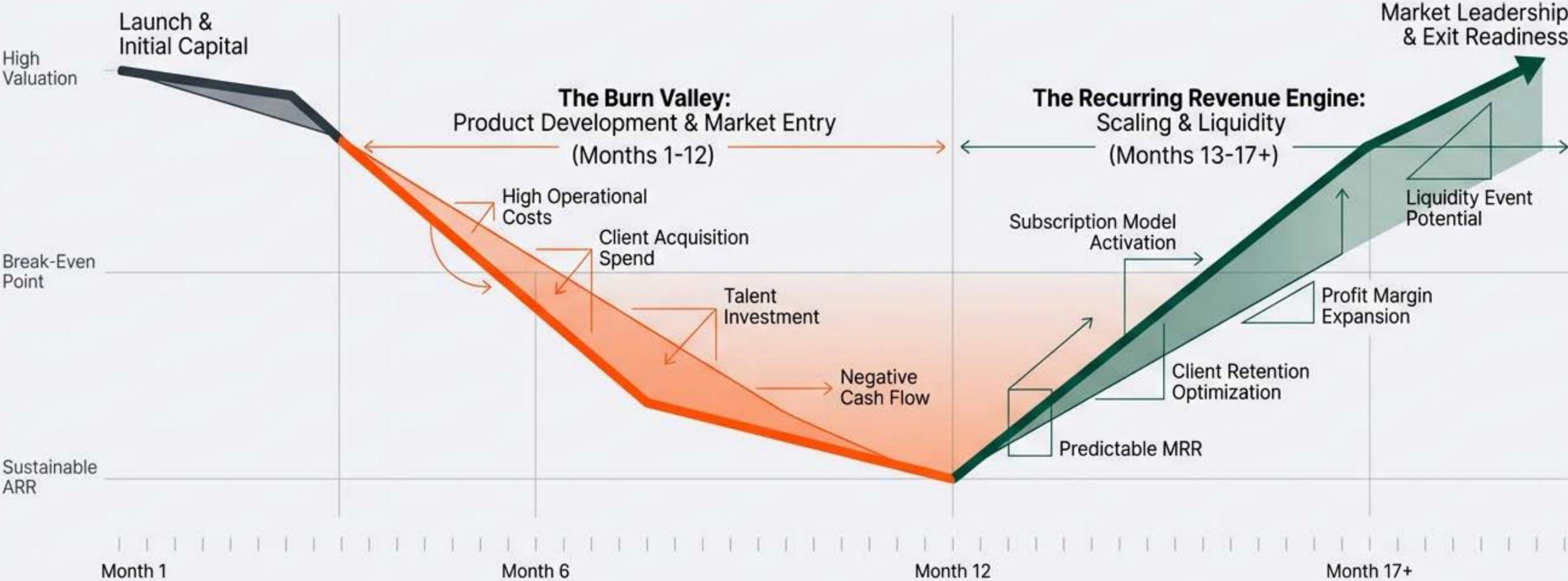


The Creative Agency Financial Roadmap: Launch to Liquidity

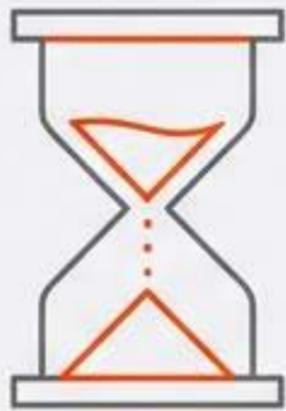
Navigating the 17-Month Burn to Build a Recurring Revenue Engine.



The Path to Profitability is a 17-Month Discipline.

KEY INSIGHT: Profit distributions are effectively paused until 2028. The first two years are a survival exercise to cover **\$377,400** in fixed overheads.

01. THE REALITY



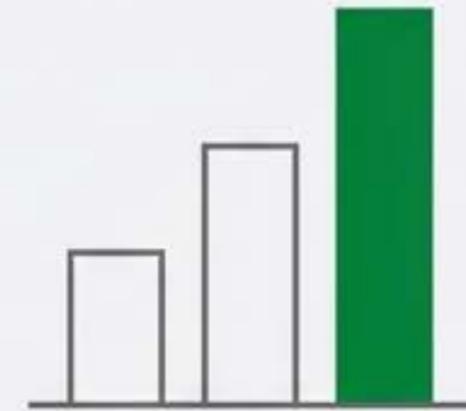
Breakeven is not expected until **May 2027**. This requires a cash buffer of **\$658,000**.

02. THE PIVOT



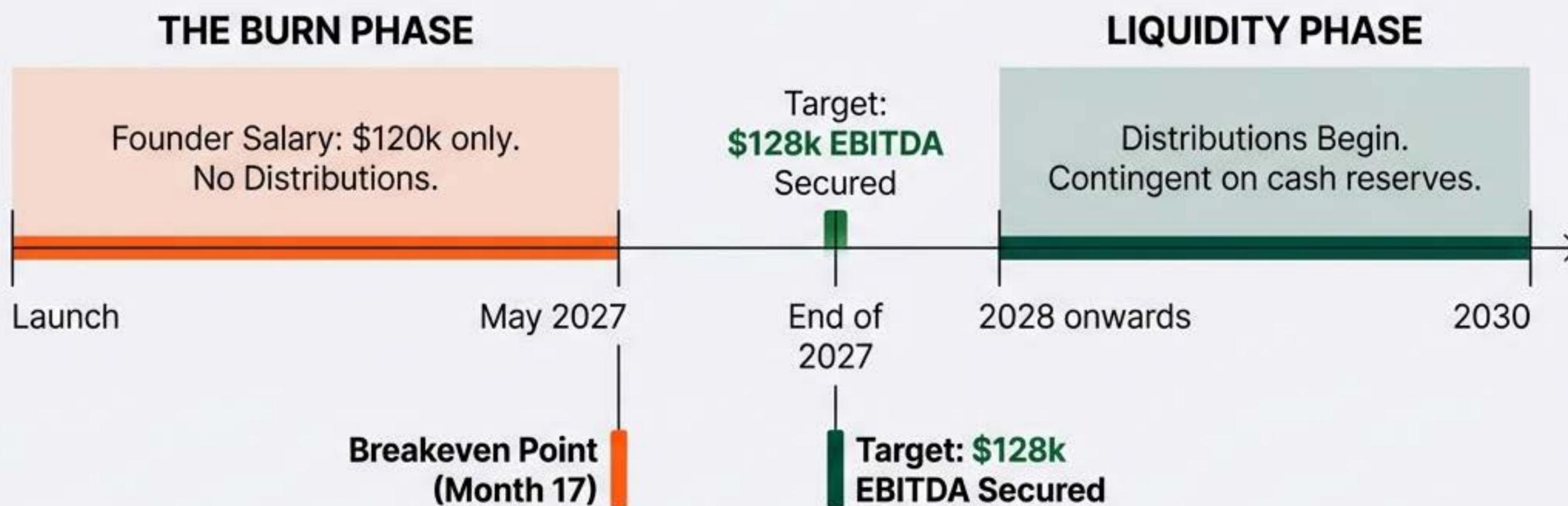
Moving 'Ongoing Marketing' revenue from **40% (2026)** to **75% (2030)** is the only way to stabilise cash flow.

03. THE REWARD



Potential for **\$37M EBITDA** by Year 5, provided strict cost controls maintain an 82% gross margin.

Liquidity Timeline: The Gap Between Launch and Distributions



WARNING: If onboarding takes too long, this schedule slips definitely. Distributions are secondary until the \$128k EBITDA goal is secured.

The Capital Requirement: Surviving the \$658k Dip



Initial Setup: Includes **\$52,000 CAPEX** (Hardware/Branding).

The Floor: Operational spend focused solely on survival until Month 17.

Churn Risk: If onboarding drags >14 days, cash burn accelerates.

The Stabilisation Strategy: Escaping the Project Trap

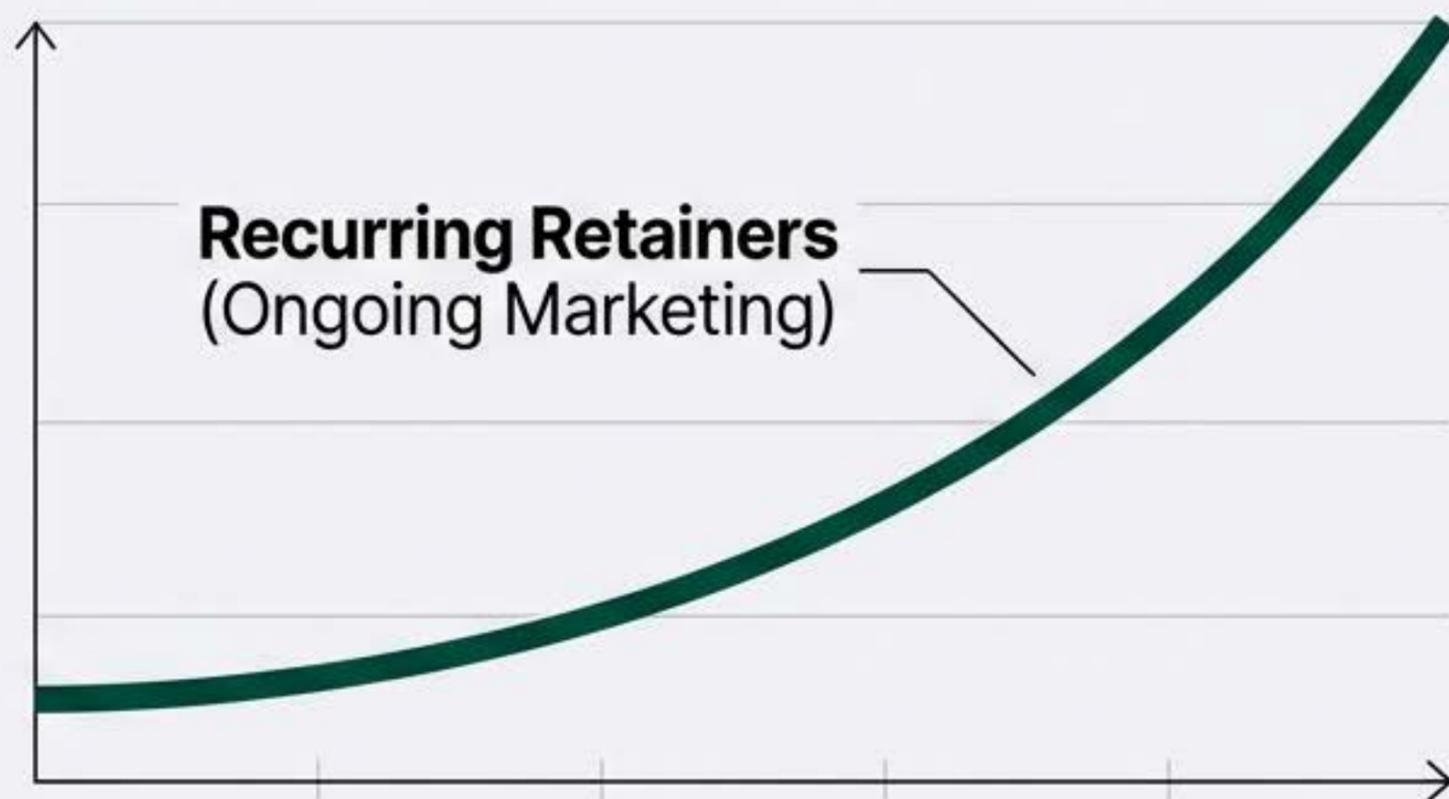
THE TRAP



Lumpy, unpredictable income.

40% Recurring Mix (2026).

THE GOAL



Smooths operating expense coverage.

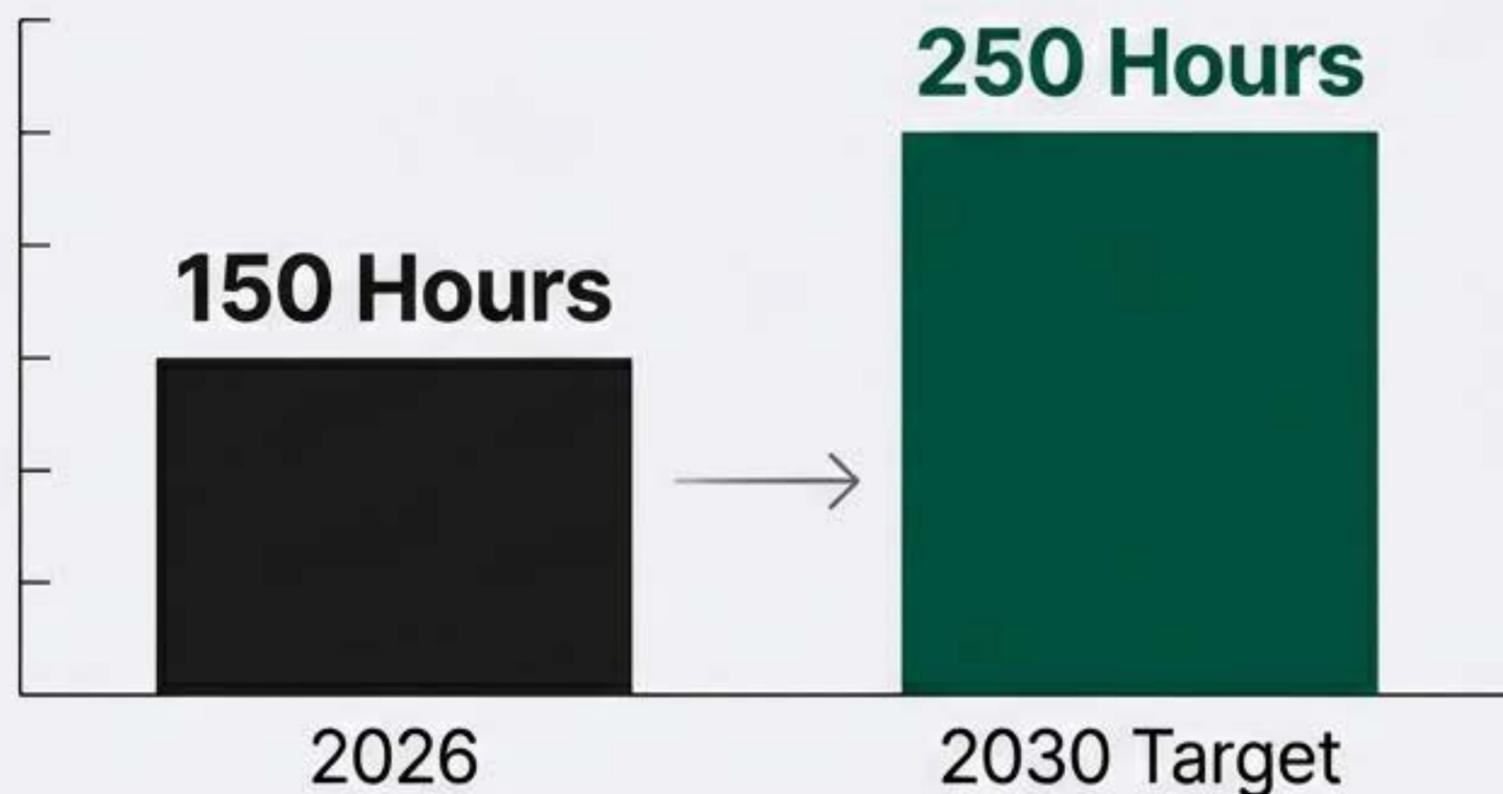
75% Recurring Mix (2030).

Insight: If **project work dips below a 25% mix**, overhead coverage is significantly safer. This naturally boosts **Client Lifetime Value (LTV)**.

Factor 1: Service Mix & Capacity Planning

Revenue stability hinges on shifting the mix.
This shift supports better utilisation.

Billable Hours Per Client



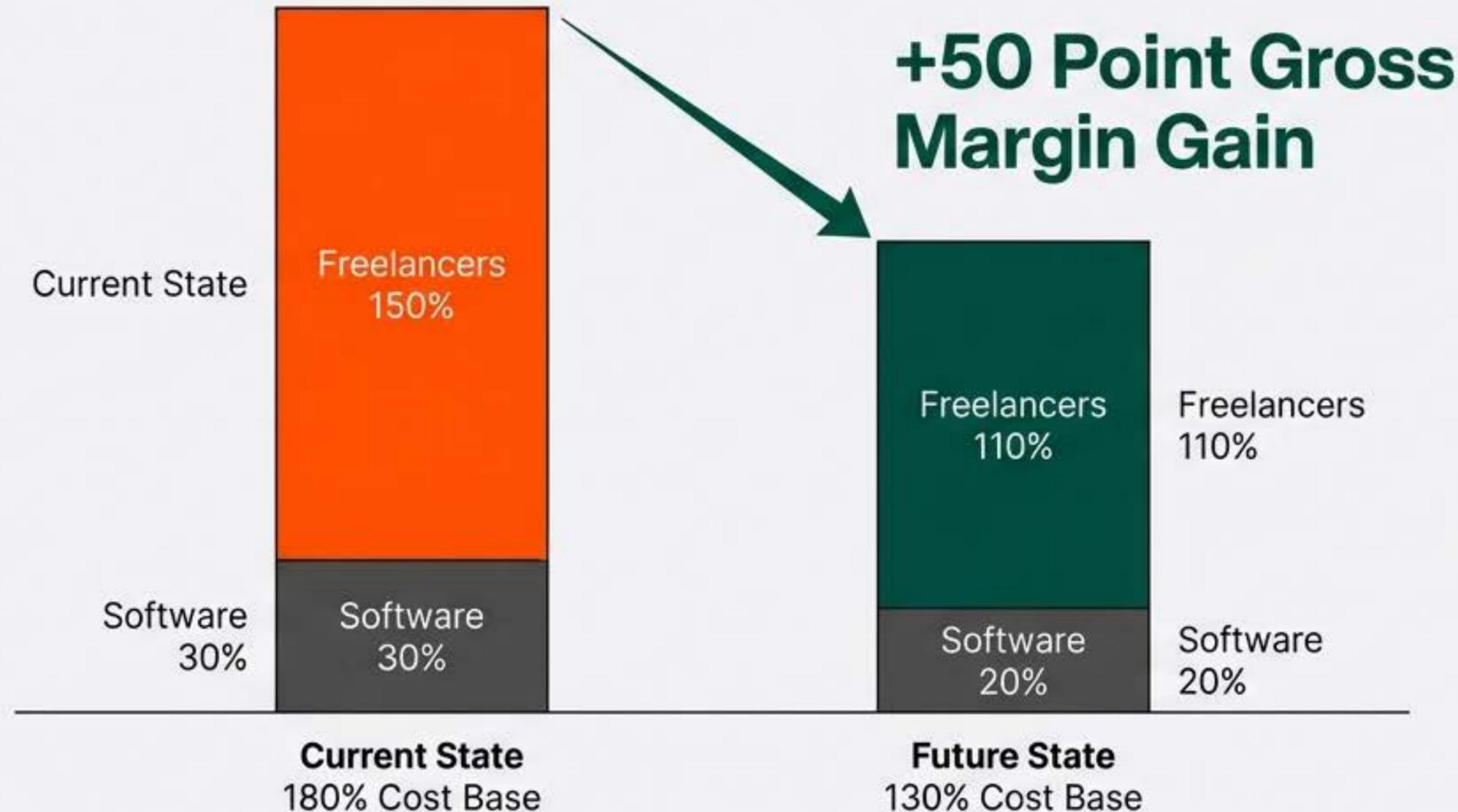
Action Plan

- **Map Capacity:** Align team size to the 250-hour target.
- **Hiring Freeze:** Do not hire the next senior strategist until the 2030 utilisation target is validated.

Note: Recurring revenue is not just about income; it is about predictable staffing.
Ensure retainer scope matches capacity to prevent burnout.

Factor 2: Controlling COGS is the Profit Driver

A 50-point jump in gross margin is available by rationalising external costs.



Tactics

- **Freelancers:** Convert high-volume freelance tasks to internal roles.
- **Software:** Audit licenses quarterly; negotiate bulk rates.

Factor 3: Pricing Power & Inflation Defence

Don't let higher utilisation mask poor pricing. Rates must rise to cover the \$315k salary burden.



Key Stat Block

\$460,244
Revenue Required

With an 82% gross margin, this is the minimum revenue needed just to cover Year 1 fixed costs.

Action Item: Avoid scope creep on fixed retainers to ensure the effective hourly rate remains high.

Factor 4: Staffing Sensitivities & Fixed Cost Leverage

High fixed costs create operational leverage; underutilisation quickly erodes profitability.



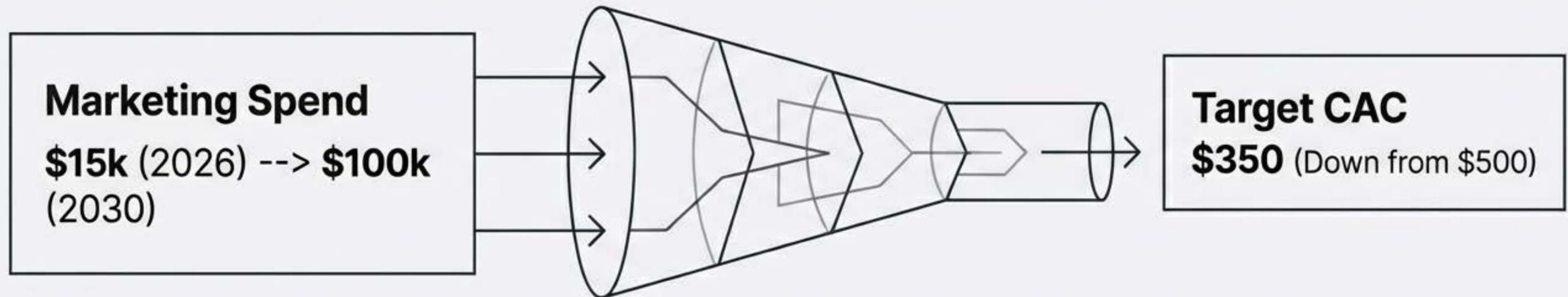
THE RISK: Falling short on billable work quickly reverts operations toward a projected **\$206,000 LOSS**.

Management Mandate

- 1. Every unbilled hour costs real money.
- 2. Do not hire FTEs until utilisation hits **85%**.
- 3. Use hourly consulting revenue to plug gaps.

Factor 5: Acquisition Efficiency (CAC)

Scaling spend requires a 30% reduction in Customer Acquisition Cost (CAC) to remain profitable.



The Challenge: Scaling spend requires a 30% reduction in Customer Acquisition Cost (CAC) to remain profitable.

The Tactic: Lean into referral programmes and content marketing. Avoid broad paid ads.

Warning: Missing the \$350 CAC target means extra spending yields diminishing returns.

Factors 6 & 7: Setup Discipline & Investor Returns

THE START (Setup)

\$52,000

Maximum CAPEX Cap



- Hardware,
- Branding,
- Office.

Lease, don't buy. Delay physical office leases. Protect the runway.

THE END (Returns)

30 Months

Payback Period

7%

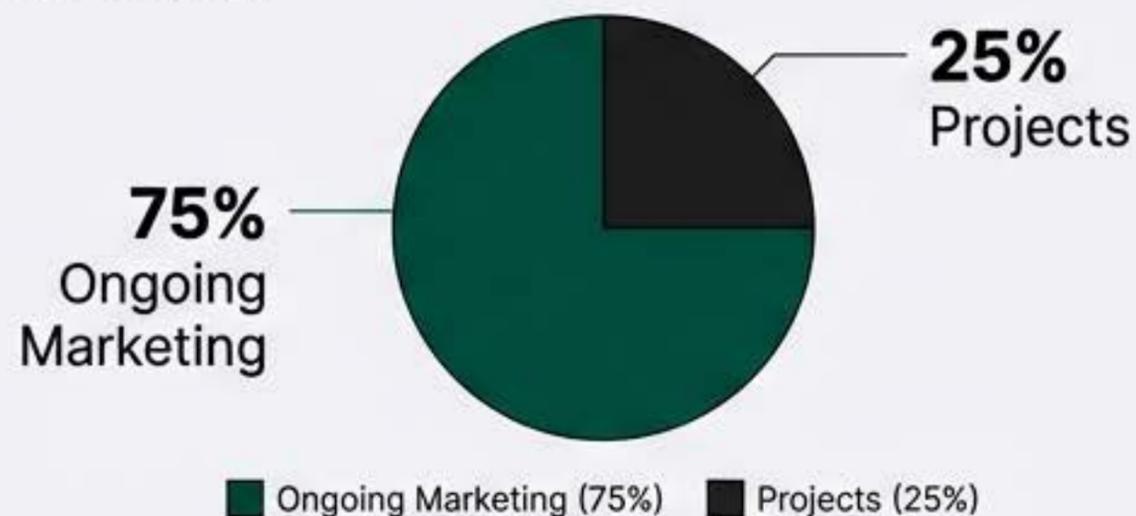
Target IRR



Cash flow is tight. Prioritise retained earnings over early distributions to protect equity value.

The 2030 Vision: A Recurring Revenue Engine

Revenue Mix



Utilisation



250 Billable Hours / Client

Annual Client Capacity

Pricing Power

\$1,400
/ Hour Avg Rate

Premium Market Positioning

Financial Potential

\$37M EBITDA
(Year 5 Potential)

projected earnings before interest, taxes, depreciation, and amortization

High LTV and predictable capacity planning replace the 'feast or famine' cycle.

The Founder's Immediate Checklist

PHASE 1: STOP THE BLEED

- Audit software licenses (Target 20% of COGS).
- Review freelancer reliance (Target 110% cost base).
- Review freelancer reliance
- Secure **\$658k** cash buffer for the 17-month runway.

PHASE 2: BUILD THE ENGINE

- Implement 'Retainer-First' sales incentives.
- Raise average hourly rates toward **\$1,400**.
- Monitor the '14-Day Onboarding' churn risk.

PHASE 3: SCALE

- Expand marketing budget only when CAC hits **\$350**.

Profitability is a discipline, not an accident.

The shift to recurring revenue begins today. Secure the roadmap.