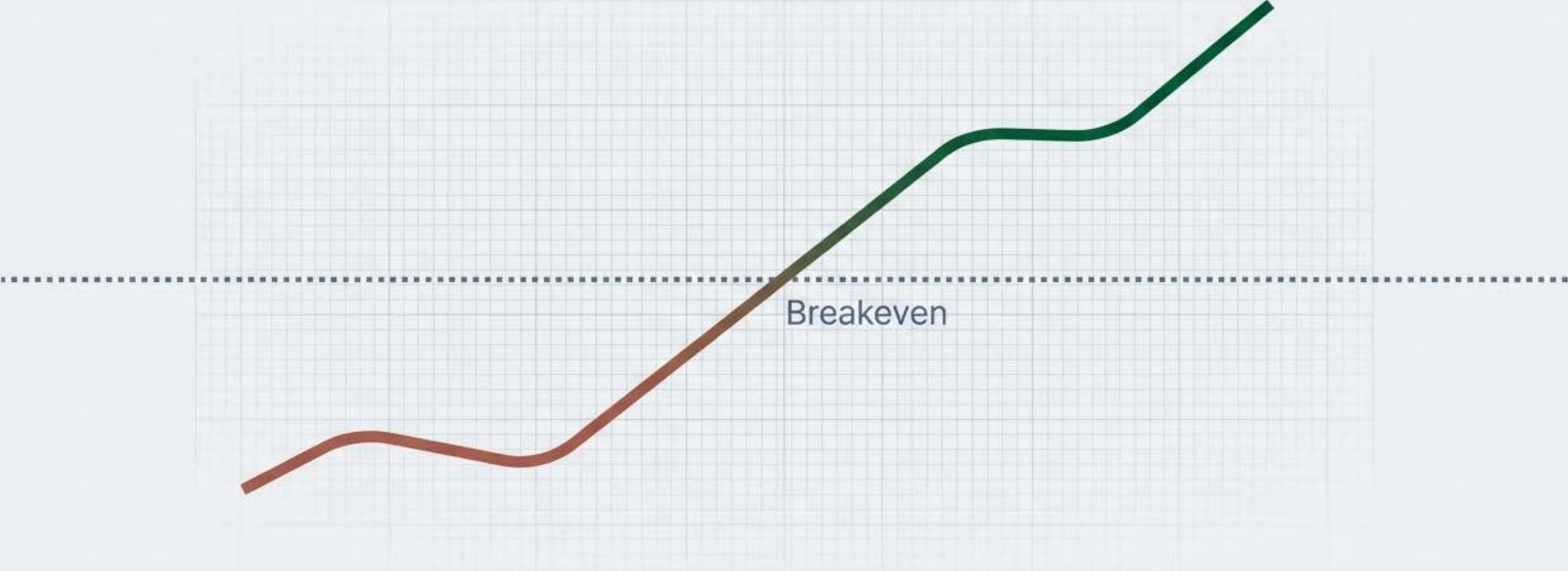


Creative Agency Financial Performance & Scalability

The Blueprint for Profitability, Efficiency, and Growth.



Target: From Burn to Breakeven by May 2027.

Scaling requires shifting focus from top-line revenue to bottom-line efficiency.

Efficiency



Utilization > 80%

Non-negotiable for absorbing overhead.

Growth



Scale Retainers

Target 400% volume growth in Ongoing Marketing by 2026.

Reality



17-Month Runway

Breakeven projected for May 2027.

Metric

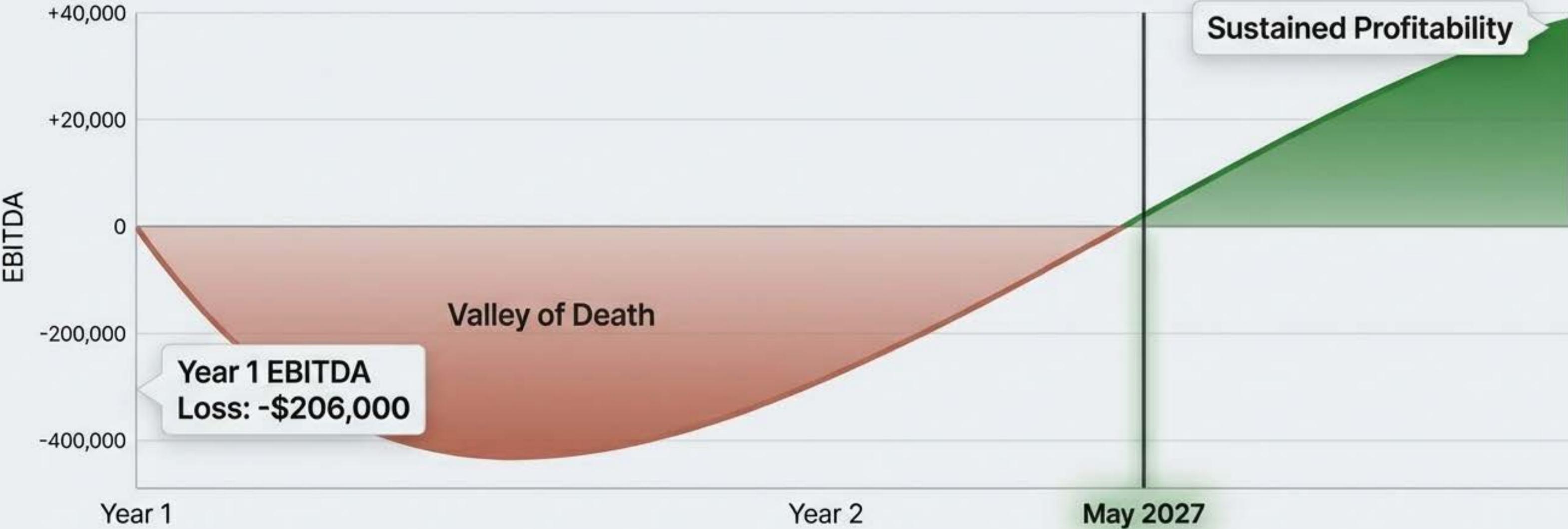


3:1 Ratio

CLV must be 3x CAC to ensure sustainability.

The Race Against Time: 17 Months

17 Months to Breakeven



The model predicts sustained profitability only after 17 months. Cash management is critical to bridge the -\$206k deficit. Operational efficiency is the only way to shorten this runway.

Optimizing the Service Mix: The Spark and The Fuel

The Spark



Strategy Consultations

\$180/hr Rate

Immediate cash flow, onboarding, and high-value scoping. Captures maximum revenue per hour upfront.

The Fuel



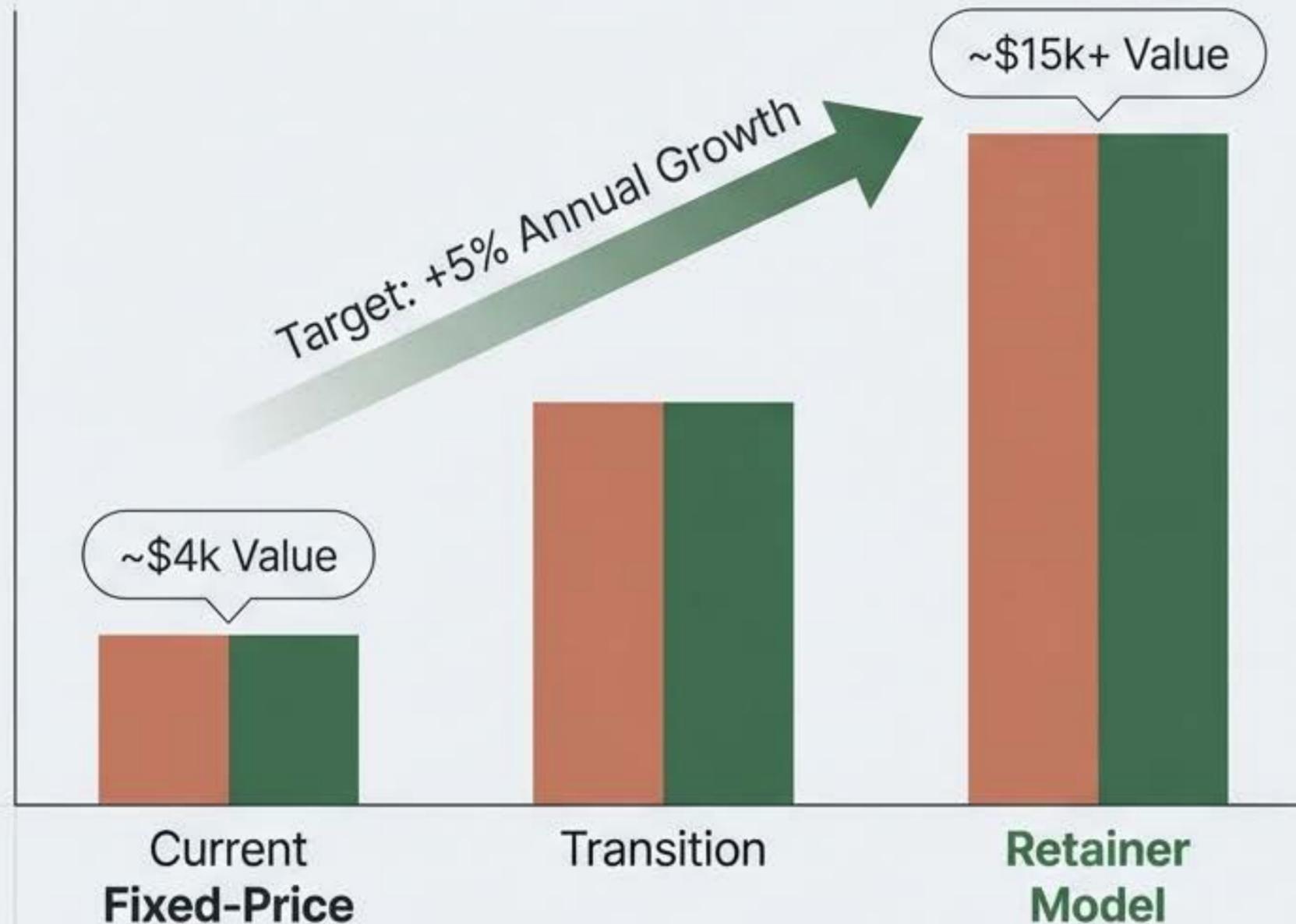
Ongoing Marketing

400% Volume (2026)

Predictable recurring revenue base. Retainers provide the stability to cover fixed overhead.

Balance high-margin advice with high-volume execution.

Pricing Effectiveness: Average Project Revenue (APR)



$$APR = \frac{\text{Total Revenue}}{\text{Total Projects}}$$

Key Strategies

- **Bundle Services:** Combine design, ad management, and strategy.
- **Shift Model:** Move from one-off projects to recurring revenue.
- **Warning:** If APR stalls, check if Customer Acquisition Cost is rising too fast.

The Utilization Imperative: Non-billable time is the invisible killer



Industry Floor: 70%. Below This means carrying too much non-revenue payroll.



\$120,000

CEO Salary

÷ \$180/hr

Billable Rate

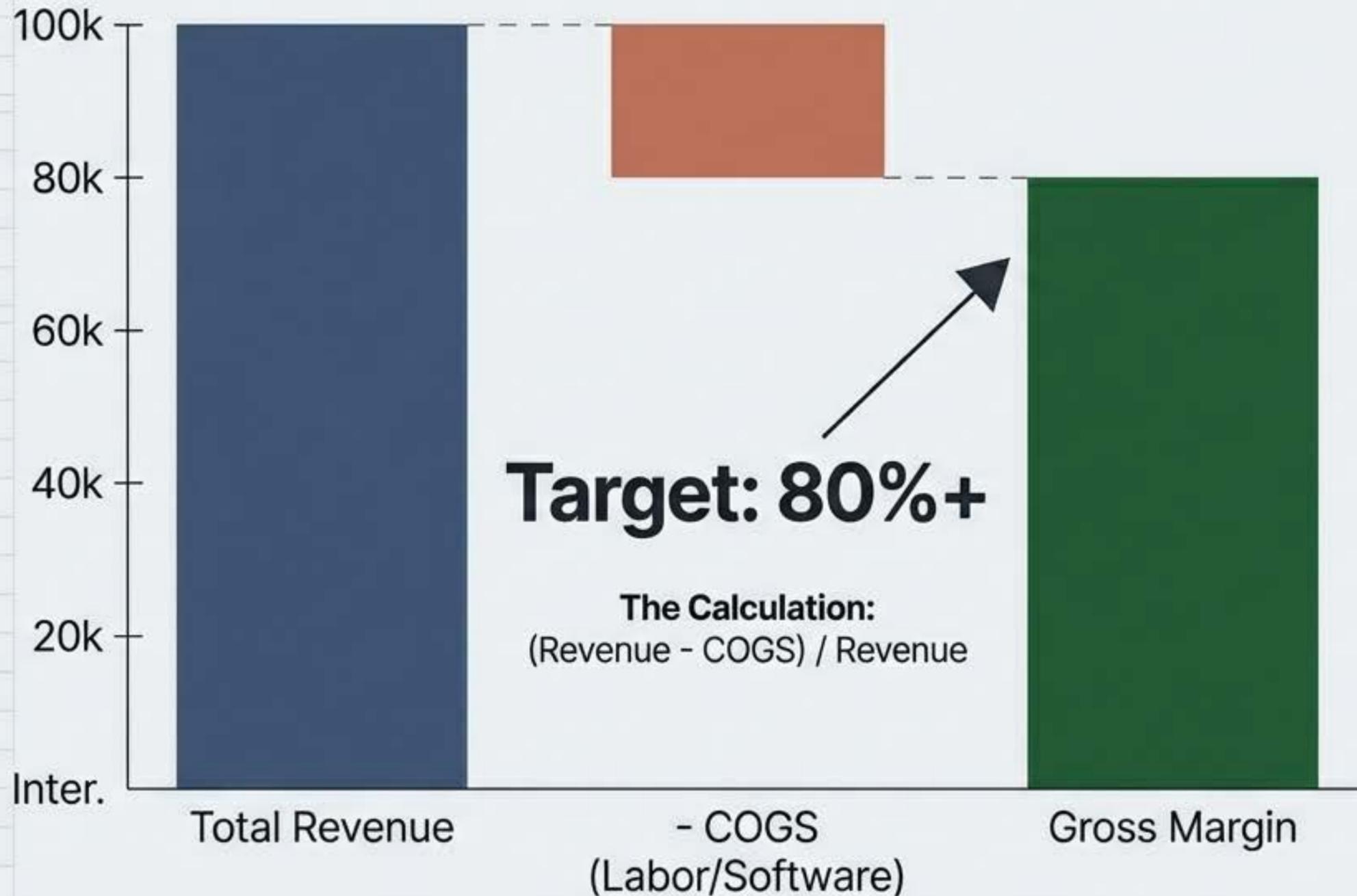
= **667**

Billable Hours
Required

Just to break even on one salary.

Every hour of internal admin costs the agency \$120 in lost revenue potential.

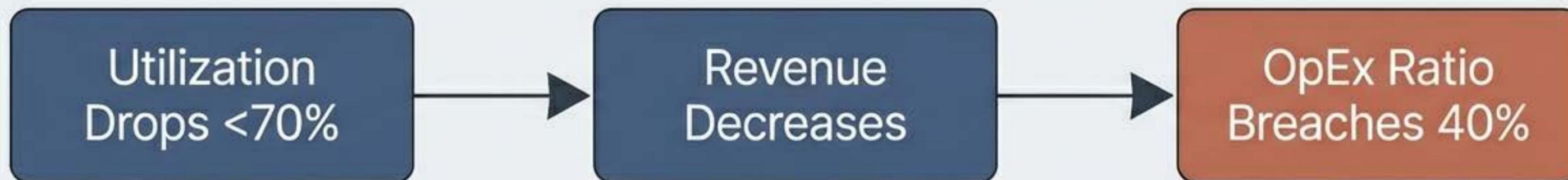
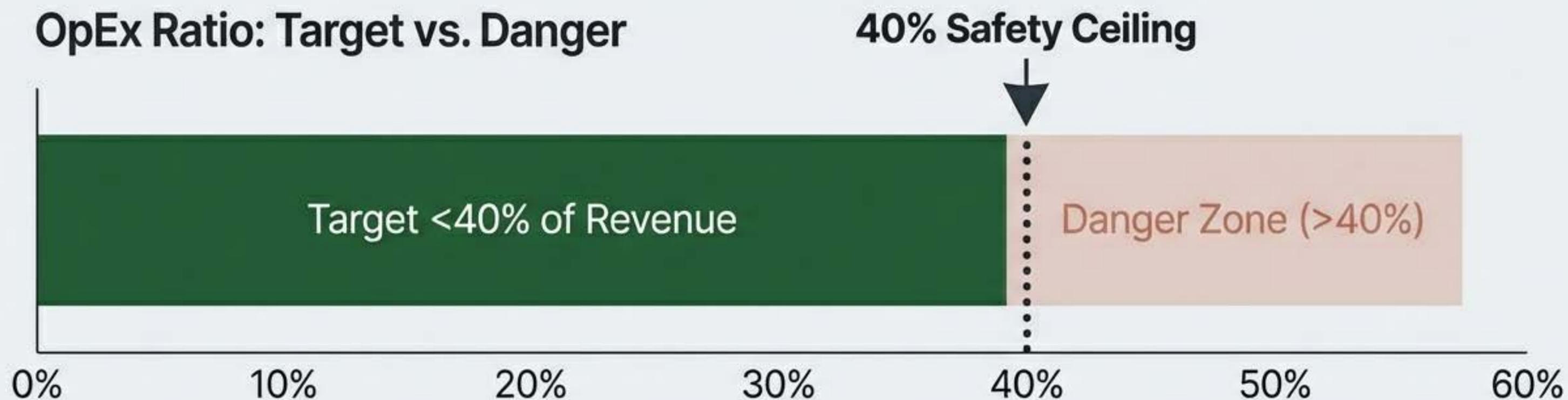
Gross Margin: The Test of Pricing Power



Benchmarks

- **Excellent:** 80%+
- **Danger Zone:** <70%
(Indicates underpricing or over-staffing)
- **Alert:** Watch for "Scope Creep"—it kills GM silently.

Operating Expense (OpEx) Ratio: Controlling the Overhead



Industry standard is 35-50%. We must be on the lower end to survive the burn rate.

Acquisition Economics: The Cost of Growth



- **Payback Period:** Must occur within <30 months.
- **Constraint:** Monthly contribution margin of \$16.67 needed to hit payback.
- **Risk Factor:** Onboarding taking 14+ days increases churn risk. Speed is essential.

The Golden Ratio: CLV:CAC

3:1

Customer Lifetime Value : Customer Acquisition Cost

The Math

If CAC is \$500...

...CLV must be at least \$1,500.

The Rules

- Metric validates marketing effectiveness and long-term profitability.
- **Warning:** If ratio drops below 2.5:1, pause spending immediately.

The Profitability Dashboard

CAC Target

\$500

Utilization

80%



Gross Margin

80%+



OpEx Ratio

<40%

APR Growth

+5% YoY

CLV:CAC

3:1

Breakeven Horizon

17 Months

Immediate Operational Priorities

Weekly Cadence

- ✓ Track time daily against \$180/hr ceiling (Target 80% utilization).
- ✓ Review COGS allocation for every project.

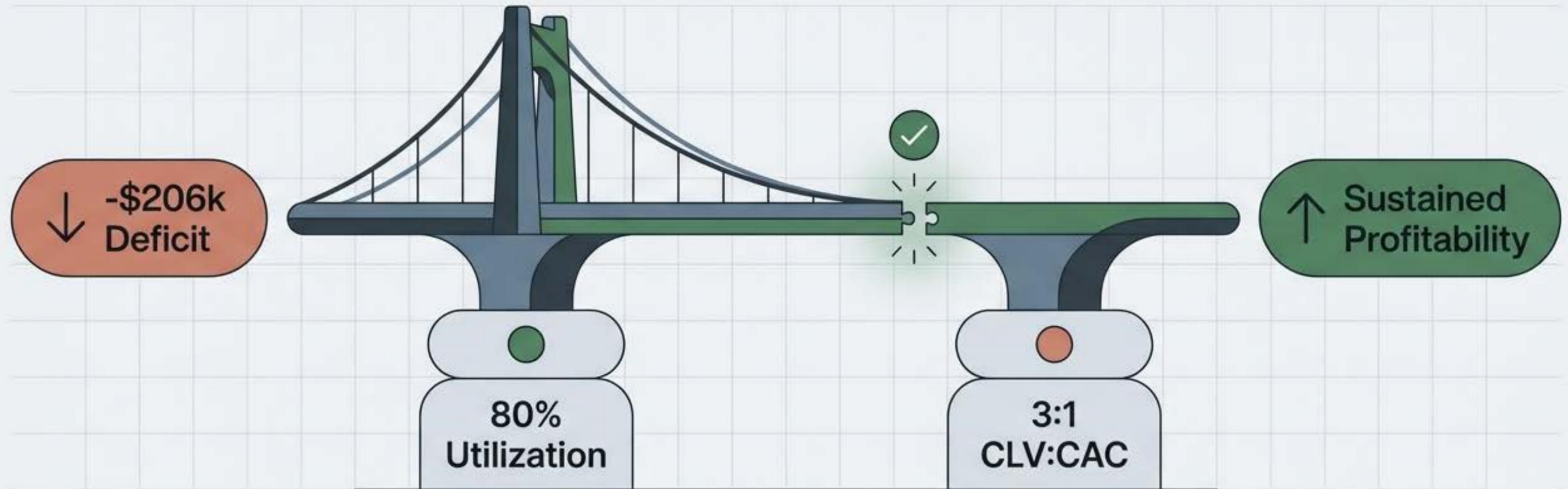
Monthly Review

- ✓ Review OpEx (Target <40%).
- ✓ Calculate CAC (Target \$500).

Strategic Shifts

- ✓ Shift sales focus to Retainers (Target 400% volume).
- ✓ Ensure CAC Payback is <30 months.

The Destination: May 2027



By adhering to the Golden Ratio and efficiency targets, we bridge the Year 1 gap and establish a self-sustaining growth engine.

“Profitability isn’t accidental.”

It is the result of rigorous tracking, disciplined scaling, and operational efficiency.

