

The Operational Blueprint for Scaling Financial Advisory Practices

KPI Strategy, Benchmarking, and the Path to Exponential EBITDA.

Bridging the Gap Between Current Costs and the \$266M Valuation Target

280%

Current Variable Cost Structure

- Every dollar earned currently costs \$2.80 to generate.
- COGS sits dangerously high at 130%.
- Variable expenses at 150% (driven by acquisition and support).

The Mandate

\$266M

5-Year EBITDA Target

- Variable costs must drop below 100% rapidly.
- Pivot from high-cost acquisition to scalable recurring revenue.
- Radical operational efficiency required.

The Minimum Viable Efficiency Required to Cover Baseline Overheads



Four Strategic Pillars Drive Our Growth and Stabilisation



Pillar 1: Rapid Breakeven

Achieve 6-month breakeven by aggressively managing the \$800 Customer Acquisition Cost (CAC) against our \$118.2k fixed overheads.



Pillar 2: Initial Profitability

Target Year-1 EBITDA of \$56,000 to lay the groundwork for our ambitious 603% Return on Equity (ROE) goal.



Pillar 3: Execution Efficiency

Maintain strict Billable Utilisation between 60% and 75% to maximise Effective Hourly Rate (EHR) and prevent burnout.



Pillar 4: Revenue Quality

Pivot to Ongoing Advisory Services to boost Recurring Revenue Ratio and reduce dependence on costly new acquisitions.

The Strategic Scorecard and Core Performance Benchmarks

1. Customer Acquisition Cost (CAC)

\$800

(\$600 by 2030)

2. Effective Hourly Rate (EHR)

>\$300/hr

3. Billable Utilisation

60% - 75%

4. Gross Margin

870%

5. Recurring Revenue

>75%

6. Breakeven Timeline

6 Months

7. Return on Equity (ROE)

603%

KPI 1: Controlling Customer Acquisition Cost to Ensure Marketing ROI

Strategic Context

High initial marketing effort demands a 5:1 LTV to CAC ratio. This initial metric often fails to account for internal staff time—overhead must be aggressively factored in to hit the long-term goal of \$600 by 2030.

\$800

Target Cost Per Client Acquired

Total Marketing Spend ÷ Total New Clients

Example: \$40,000 ÷ 50 Clients = \$800/Client

Action Levers

- Optimise digital ad spend to cut campaigns costing over \$800.
- Shorten the sales cycle with stricter initial lead qualification.
- Increase referrals to drive down blended paid acquisition costs.

KPI 2: Maximising Effective Hourly Rate to Capture True Value

Strategic Context

The purest measure of pricing effectiveness. Highly specialised areas like Investment Management must capture premium value, anchoring the firm's overall revenue density.

RED FLAG: If EHR falls below \$280, audit your standard rate card immediately.

> \$300/hr

Target Average Yield Per Hour

Total Revenue ÷ Total Billable Hours

Example: \$210,000 ÷ 700 Hours = \$300.00/hr

Action Levers

- Increase rates by at least 3% annually tied to expertise growth.
- Prioritise client acquisition strictly for highest-EHR services.
- Eliminate non-billable drag from highly compensated advisors.

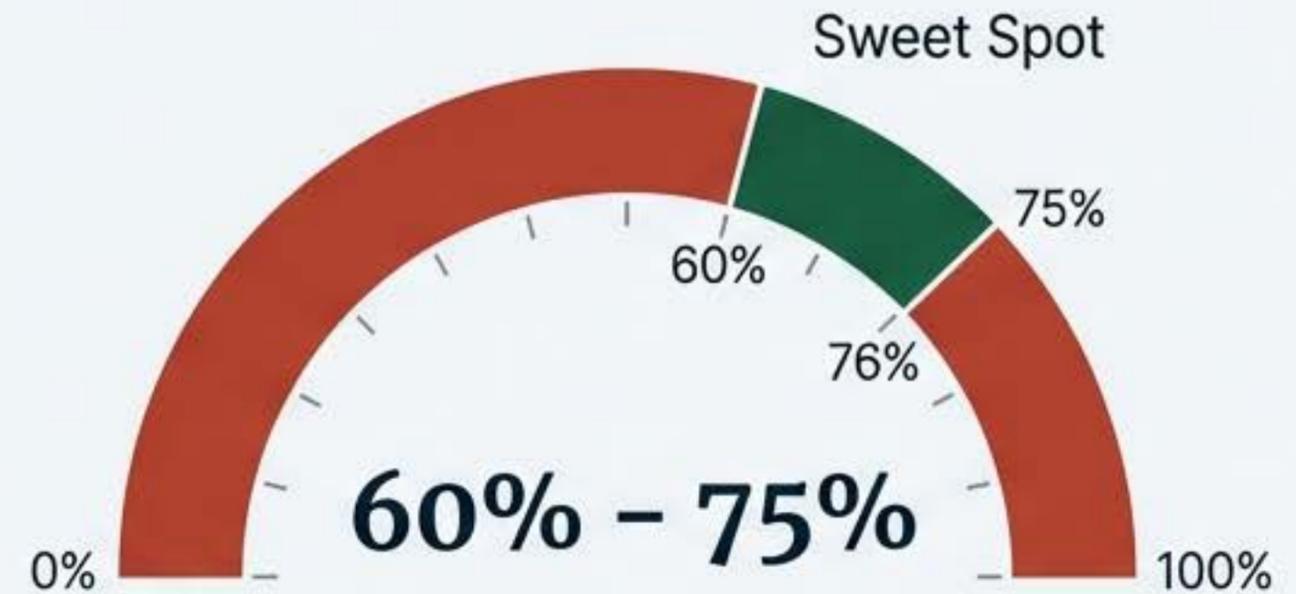
KPI 3: Balancing Billable Utilisation for Sustainable Capacity

Strategic Context

This metric reveals the delicate balance between revenue leakage and capacity exhaustion.

Below 60% means overpaying for downtime.

Consistently above 75% signals operational strain and extreme high attrition risk.



Total Billable Hours ÷ Total Available Working Hours

Example: 112 Billable Hours ÷ 160 Available = 70%

Action Levers

- Automate internal reporting and compliance tasks immediately.
- Implement mandatory client-facing time-blocking sessions.
- Review contracts to ensure all preparation time is billable.

KPI 4: Engineering an 870% Gross Margin Percentage

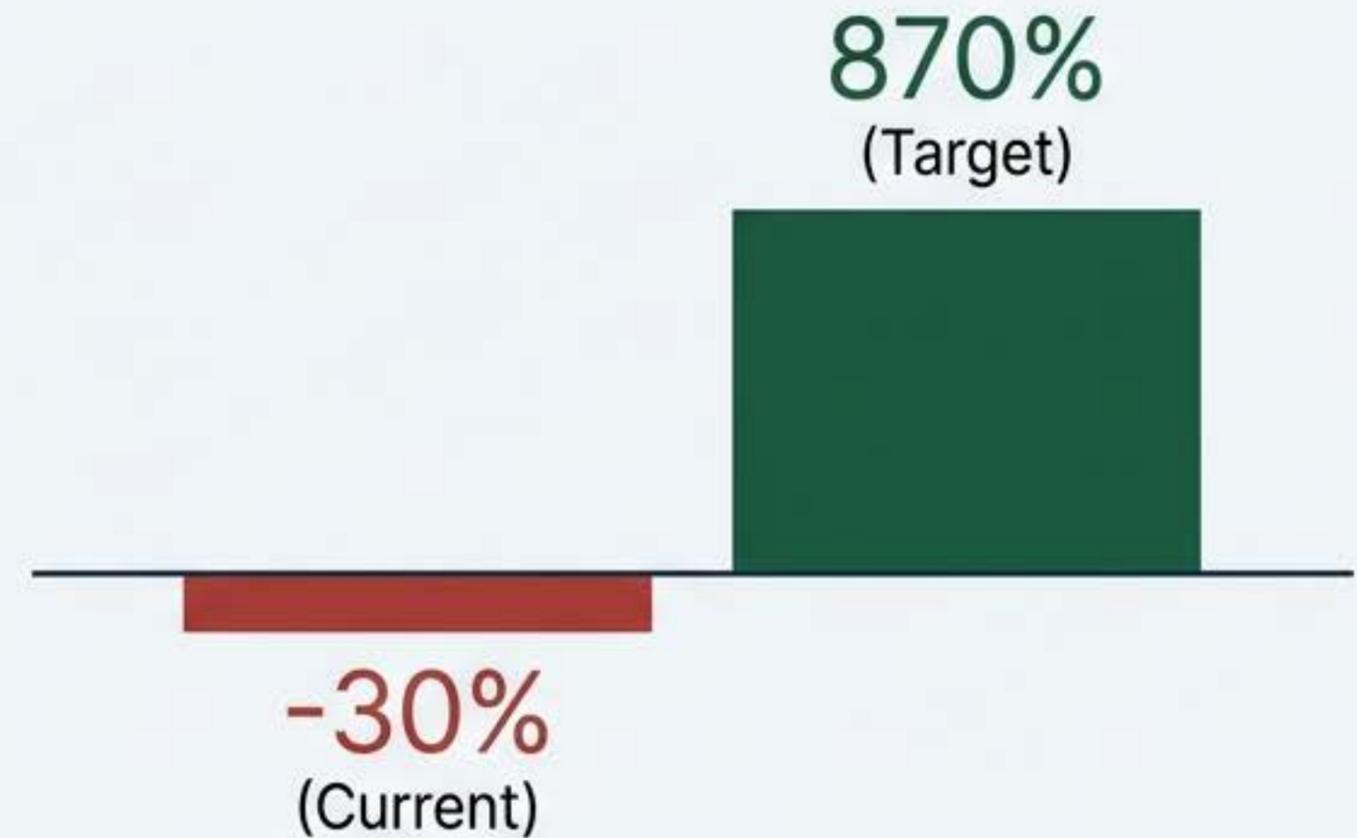
Strategic Context

Current COGS sits at **130%**, resulting in a fatal -30% margin. To engineer the extreme 870% target required for scale, total revenue must consistently reach **9.7 times the Cost of Goods Sold**.

RED FLAG: If margin drops below 80%, pause all hiring until utilisation recovers.

$$(\text{Revenue} - \text{COGS}) \div \text{Revenue}$$

The fundamental economic engine of the advisory service.



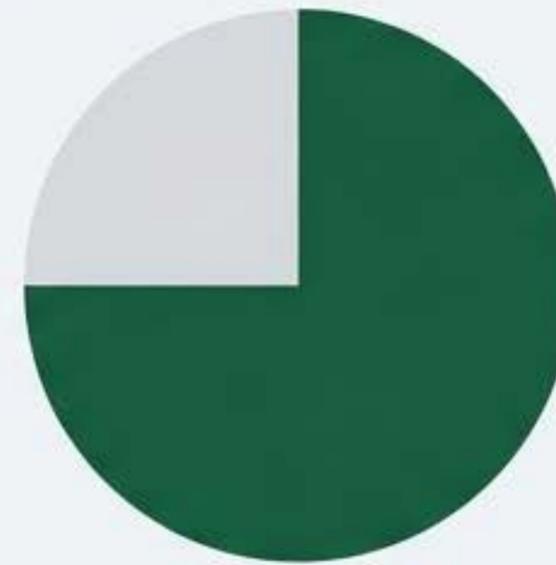
Action Levers

- Drastically reduce direct support costs tied to client delivery.
- Tie advisor bonuses exclusively to the 870% margin target.
- Increase EHR systematically without increasing delivery costs.

KPI 5: Securing Predictability Through a High Recurring Revenue Ratio

Strategic Context

This is the ultimate driver of firm valuation in M&A. It aggressively reduces reliance on expensive new client acquisition. Meeting the 2030 vision long-term demands an 800% client allocation goal towards retainer models.



>75%

**Target Ongoing
Advisory Ratio**

Ongoing Advisory Revenue ÷ Total Revenue

Example: $\$120,000 \div \$150,000 = 80\%$

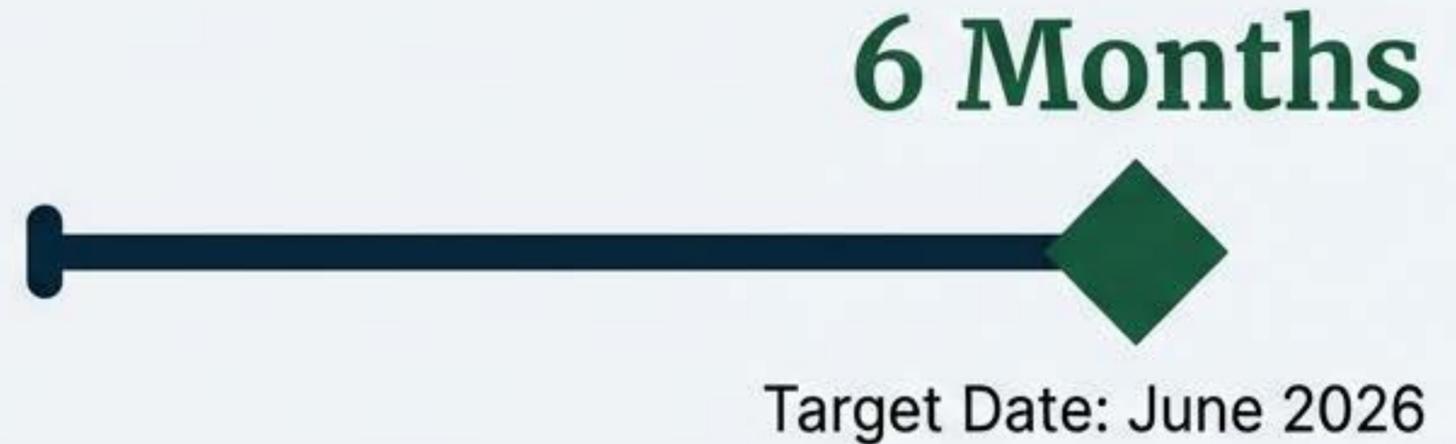
Action Levers

- Convert transactional, one-off planning clients to retainer models.
- Audit and increase the perceived value of ongoing advisory quarterly.
- Stop incentivising one-time project sales at the advisor level.

KPI 6: Driving Toward an Aggressive 6-Month Breakeven

Strategic Context

A highly aggressive cash flow timeline relying entirely on keeping direct costs low and achieving immediate high client utilisation. Progress must be ruthlessly reviewed every 30 days to avoid cash bleed.



$$\begin{array}{c} \text{Total Cumulative Investment} \\ \div \\ \text{Average Monthly Net Profit} \end{array}$$

Example: $\$150,000 \div \$25,000 = 6 \text{ Months}$

Action Levers

- Maximise Effective Hourly Rate (EHR) on all new clients immediately.
- Drive utilisation strictly above 75% within the first 90 days.
- Ensure the initial investment target holds a 3-month operating buffer.

KPI 7: Demonstrating Capital Efficiency via a 603% Return on Equity

Strategic Context

Service firms naturally require low physical assets, but achieving this extreme benchmark means management is deploying equity with surgical precision alongside a very lean equity base.

603%

Target Return on Equity

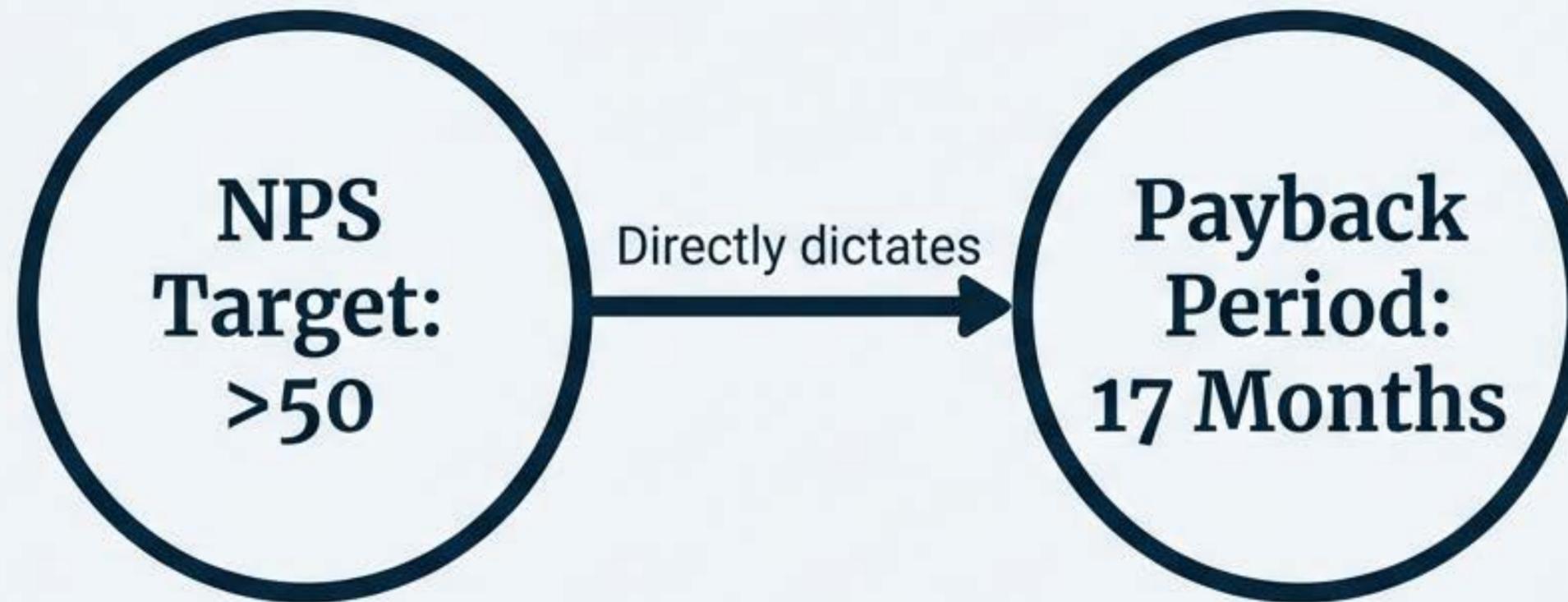
Net Income ÷ Shareholder Equity

Example: $\$603,000 \div \$100,000 = 603\%$

Action Levers

- Track rigidly alongside Debt-to-Equity ratio to monitor leverage risk.
- Audit earnings quality heavily if shareholder equity is artificially low.
- Boost Net Income by strictly enforcing the \$300 EHR floor.

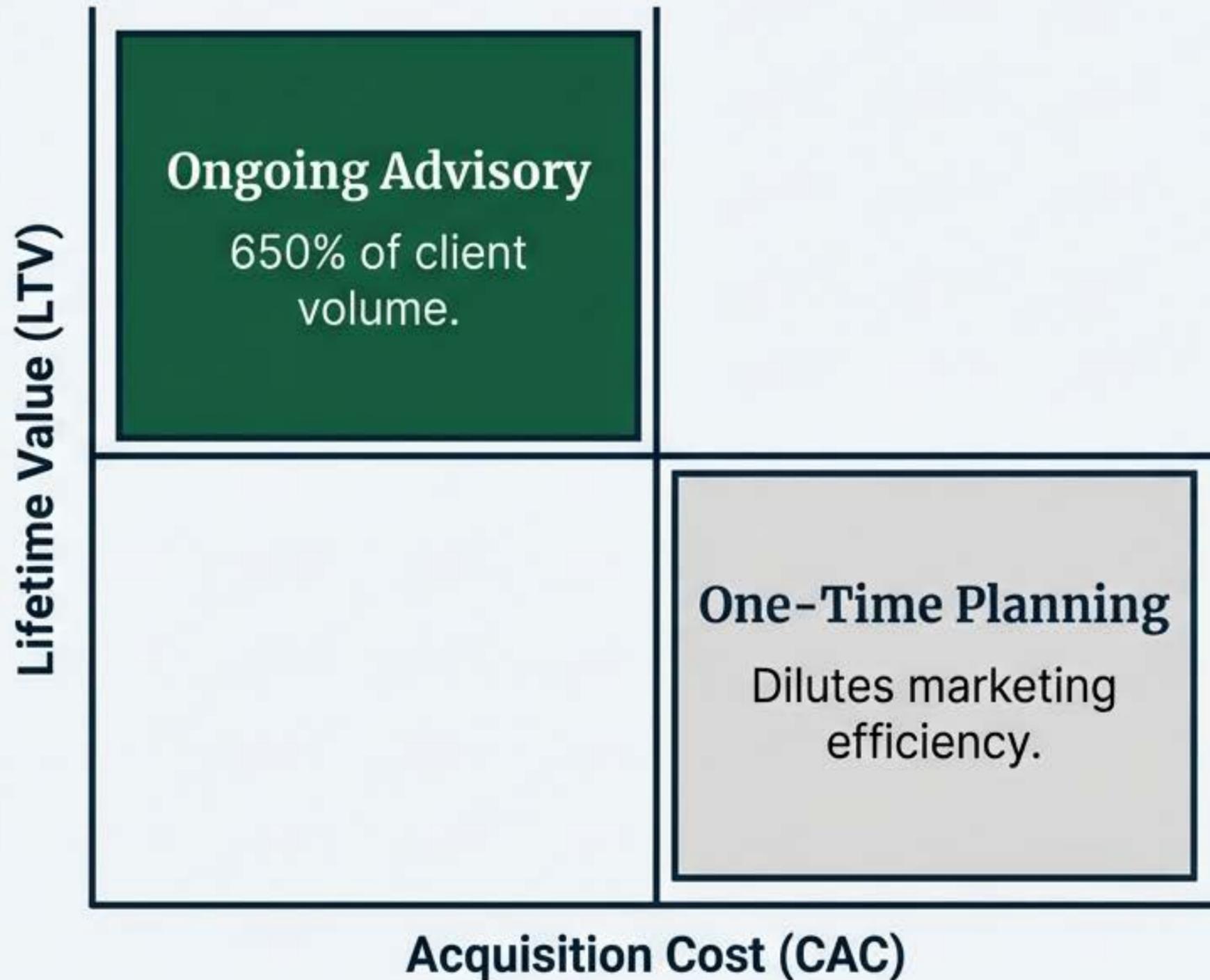
The Hidden Growth Metric: Service Quality and Retention Risk



RED FLAG: 14-Day Onboarding Churn Risk

If client onboarding takes 14+ days, churn risk rises definitively. Slow onboarding destroys the 17-month payback math. You must standardise onboarding processes and automate routine data aggregation immediately to reduce initial setup time.

Client Value Matrix: Optimising the Target Demographic



The \$800 CAC Reality

The high \$800 initial cost demands immense Lifetime Value. One-time planning cannot mathematically sustain the acquisition overhead.

Target Persona Mandate

Focus acquisition efforts strictly on dual-income couples and pre-retirees needing comprehensive, holistic guidance and behavioural finance coaching.

Operational Discipline and the Tracking Cadence to \$266M



Track Billable Utilisation Rate. Catch capacity dips fast and avoid structural scope creep.

Track Customer Acquisition Cost, Effective Hourly Rate, Gross Margin, Months to Breakeven, and Return on Equity.

Track Cost Reduction targets against the 5-year timeline, and Recurring Revenue Ratio retention issues.

\$266M
EBITDA Target

Operational success is a strict function of this cadence. Maintaining tracking discipline ensures variable costs drop below 100%, securing the 5-year vision.