The Growth Model Blueprint: How Many Customers You Really Need?

[00:00:00]

Introduction to the Growth Model Blueprint

Welcome to ***"The Growth Model Blueprint:** How Many Customers Do you Really Need and How Are You Going to Enroll Them?"*

Welcome to today's Force for Good Masterclass. I am your host, Coco Sellman, five time founder, impact investor and creator of the Force for Good Business System(TM).

Do you know how many customers you need to hit this month's revenue target, to break even, to fund growth, to Prosper?

Can you easily describe your growth model?

Is your company a whale, deer, rabbit, or mouse?

These are the questions I invite you to consider today, as you unpack your growth model.

Defining Your Growth Model

You'll define your Growth [00:01:00] Model Type, and craft your customized Growth Model.

Your growth model is the math and method behind hitting your growth goals. It's how you win and keep your customers.

It includes **how many customers you need** at each stage of your funnel, and it includes your **conversion rates**, it also includes your **costs**. So we will be breaking down all of these things as we build your Growth model.

If you haven't, download The Growth Model Builder at **aforceforgood.biz/weekly-tools**.

Understanding Different Business Models

Imagine three companies all $3 million in annual revenue. So we've got Company A serves 30 customers a day. Company B serving 100 customers a day, and Company C, 1000-- [00:02:00] so maybe a high-end, upscale, place that serves only tasting menus. Company B might be a more of regular restaurant that you would go to have a nice steak dinner, and company C -- a fast food place.

So even though all are restaurants, they all have a very different approach to revenue and growth.

Each one has identical annual revenue, but different pricing strategies, operating costs, customer acquisition approaches, different levels of break even, and different areas of focus for growth.

When you think about growing your company and you think about all the many ways you could grow your company, you want to make sure the way you are growing your company is aligned with your Growth Model.

[00:03:00] Today's focus within the Force for Good System(TM) is the Core Growth Element of Growth Model. It's one of the fundamental legs of your flywheel.

Today's tool is the Growth Model Builder(TM), one of the most comprehensive, tools in our System. Find it at aforceforgood.biz/weekly-tool.

In this workshop, we're going to use the **Growth Model Builder(TM)** so that you can identify your **Growth Model Type**. You're going to craft your very own **customized Growth Model,** set **12-month Growth Model goals**, and leave with **one specific habit** that you can do every week for 30 minutes, and one **High-Potency Action** to activate [00:04:00] your Growth Model.

You'll find this on the **4-Page Growth Plan(TM)**. This is an essential piece on Page 2 of the 4-Page Growth Plan(TM). In four pages, it shows you *everything you need to know to unlock growth*.

On Page 2, defining your **Growth Model**, along with the **Customer Enrollment Funnel** are fundamental to helping you **unleash exponential growth** in your company.

Once you have these elements working together, it becomes possible and even likely that you are going to watch your company increase its level of growth month over month, year over year.

There's a deep connection between your Customer Enrollment & Retention Funnel(TM), and today's topic, the Growth Model.

Let's review what the Customer Enrollment & Retention Funnel(TM) is and how it is connected to your Growth Model.

[00:05:00] **Your funnel maps the journey.** Do they come in through socials? Do they come in through a conference that they attend and they meet you at an exhibitor table? What's the journey they take from knowing you exist to becoming a loyal ambassador? That's the funnel.

Your growth model defines the *math* behind the journey.

How many customers, prospects, suspects *--move through your funnel at each stage?*

*What are the **targeted conversion rates**? And **costs** of moving people through the funnel?*

*And is it aligned with your **Customer Lifetime Value (CLV)?***

These two concepts, the Customer Enrollment & Retention Funnel, and the Growth Model work together.

The funnel [00:06:00] **shows *how* you engage customers.**

And the growth model shows if it works *financially*.

There are **Four Growth Model Types** in the Force For Good Model.

I invite you today as we go through these next slides, to consider which type your company is.

Are you a Whale, a Deer, a Rabbit, or a Mouse?

A **Whale** has great big customers. So they have very few, high-value customers.

Deers have mid-sized customers with moderate sales volume.

Rabbits have a higher volume of sales, smaller number of transactions.

And **Mouse** model has massive volume and a lot of small transactions.

Each requires different marketing, sales, and retention strategies

The Whale Model

Let's talk about the **Whale Model**.

Are you a whale? This is where you have very few [00:07:00] customers, each worth above $100,000 in revenue annually. You find these in enterprise SaaS, defense contracts, private aviation, integration consulting and strategy consulting.

When you're a whale, you want high touch relationships, accept that there are probably very long sales cycles. You're probably going to have exceptional retention because they're going to spend a lot of money with you. They don't want to switch around all the time because it's too expensive. Contract renewals and upsells keep going, so that you keep them longer.

Some key traits.

$100,000 or more. It could be $1 million a year, could be $5 million a year. It's a big number.

Customers needed for $10 million in revenue is just 100. So all you need to get to **$10 million is 100 customers**. Your

Sales cycle is long. **Six** [00:08:00] **to 24 months** to create a sale from suspect all the way to customer.

Conversion rates are high because you'll have deep **trust building and targeted outreach**.

But it's **expensive** to acquire these very big fish, right? It's **$20,000 to $100,000** per customer. You might need to spend a lot of time with your team, developing a proposal, doing work that could cost a lot of money just to win the deal.

Retention focus is all around keeping customers for many years and maximizing their lifetime value.

Enterprise SaaS selling multi-year contracts to Fortune 500 companies, healthcare service providers with multi-year hospital system contracts, custom manufacturing for aerospace or defense-- these are examples where Whales can focus is in identifying great salespeople. [00:09:00] **Very senior level salespeople** with deep industry networks. Those people are not going to be cheap, but they're going to know decision makers in Fortune 500 or wherever your target is.

It's focused on highly tailored solutions and proposals. Long term relationship management. People in investment banking might know these companies for 10 years before a deal. Once you have the customer, you want to keep them and do more with them. Continue to add services, new products, expand into different verticals or users.

If you're in this category, you're a Whale.

The Deer Model

The next is the Deer model. If you're $10,000 a year to $100,000 per customer, you're probably serving the mid-market in some way, and you have a slightly larger ticket size overall per year.

You have shorter sales cycles than Whales. You want to focus on really efficient onboarding when somebody [00:10:00] becomes a customer. Make sure they get what they need and stick around. Focus on upsell and cross sell.

These are where the Average Revenue per Customer (ARPC) (ARPC) is $10,000 to **a $100,000**.

The number of **customers you need to get to $10 million in revenue is 1,000**.

So remember we said for the whale, it's 100 customers to get to $10 million. In this case, we need 1,000 customers to get to $10 million.

Sales Cycles will be between **2 and 12 months**.

Conversion rates are going to be **strong** due targeted marketing and skilled sales teams.

The **cost to acquire** is going to be somewhere between $500 and $1,000 per customer.

Here are some examples.

Regional distributors selling to retail chains. Business to business firms like marketing agencies or IT providers. Mid-tier consulting engagements for small to medium sized businesses. [00:11:00] These are examples of the Deer model.

If you're a Deer, you blend inbound and outbound marketing. You work with skilled sales reps who can sell multiple offerings. They don't have to be super senior and they don't have to be super focused on one industry. They're just really good salespeople that can learn about your product or services. Maybe they do some travel that's more local, or maybe they do more phone stuff, but they're less likely to be like those, the whale type of sales people who are doing consultative selling and spending a lot of time and travel to engage with a customer.

With these Deer Model customers, we want to spend time onboarding and making sure you deliver value really fast. So the buyer feels a strong sense they are getting what they signed up for because it's a significant investment.

The Rabbit Model

The Rabbit [00:12:00] Model is where you have **many customers** each with **modest revenue** per year. **$1,000 to $10,000** per year.

You're focusing constantly on **acquiring new customers**. You're looking for scalable customer service. People on phones that are not going to have to go travel. Or using bots and whatever kinds of low priced functions you can.

You're going to also be really focused on **churn prevention** and **loyalty programs** to keep your customers.

Because your **average revenue** is **$1,000 to $10,000**, you can't spend quite as much on marketing and selling as the deers and the well whales. So we have to watch a little more closely on how much you're spending, what's your Cost per Customer (CPC), your Cost per Prospect **(CPP).**

Sales cycles vary from **5 to 120 days.**

Conversion rates often [00:13:00] improve through **strong digital marketing funnels**.

Companies need to invest in digital marketing funnels that are well tuned. Your data has to be super tight and people need to be looking at that data every week.

Your **cost to acquire is $5 to $100 per customer**. So you have to be careful not to overspend. You really have to minimize costs. Think as much as you can about digital formats that can help you with that.

Examples are subscription based SaaS for small to medium sized businesses, online education platforms with annual memberships, niche e-commerce brands with high repeat purchase rates.

Scalable marketing automation, email social ads, content streamlined online sales processes, retention programs to extend customer lifespan.

This is where you need to [00:14:00] become good at **marketing**.

A **Whale or a Deer**, you're more **sales-focused**.

When you're a **Rabbit or a Mouse**, you are going to be more marketing-focused.

You're going to need to do more marketing that hits lots of people versus sales where you have a person who is using their time.

The Mouse Model

Now we're down to the Mouse model.

This is **extremely high volume of customers** and **very low value per customer**.

Focus areas: *automation, mass marketing, ultra efficient delivery, automated personalization*.

Here are the traits.

Annual Average Revenue per Customer (ARPC) (ARPC) is under $1,000, and often even $100.

Customers needed for $10 million in revenue is a 100,000. Remember again, for a Whale, you need just [00:15:00] 100.

Your **sales cycle** will likely be **1 to 30 days**.

Conversion rates are low. You're going to have to do lots and lots of mass marketing, and it requires large amounts of top of funnel reach.

The cost to acquire is $.10 to $5. That is all you can spend if you're making less than $1,000 per customer, per year.

Your focus on **conversion rates** and **cost per acquisition** is super, super, super important. Retention. Keep customers subscribed or repurchasing frequently.

Examples would be consumer mobile apps with freemium to paid upgrades, low cost SaaS tools for individuals or small teams, and mass market subscription boxes for under $10 a month.

Focus on **viral tactics** and **referral incentives**. Broad reach via **social media affiliates**. **Partnerships. Influencers**. Customer [00:16:00] engagement strategies to prevent churn. And **AI driven customization**.

Companies that are the Mice Model-- if you really are in that space, your **ability to manage data** needs to be super high. You need a powerful database, **CRM system**, that has all the data available. And then a way for you to constantly be **analyzing that data** and seeing where there are strengths and weaknesses along the funnel so that you can tweak and improve. Lots of **detail oriented data people in your team**, making sure that you are spending as little as possible and getting the best results.

So we've talked about the four different types. The whale, the deer, the rabbit, the mouse. You see how different they are.

Key Metrics for Growth Models

One of the most key elements of a growth model that drives which growth model you are in is the Average Revenue per Customer (ARPC).

It shows [00:17:00] *how much each customer is financially worth annually to your company.*

It is the number one indicator of which Growth Model will fit you.

It tells you not just how much a customer is worth to it each year, but also which Growth Model you're operating in. A Fortune 500 SaaS contract looks nothing like $120 per year customer consumer app. So those differences drive everything from your sales approach to your marketing spend.

The next important. Term or metric is the Average Gross Profit Per Customer (AGPPC). it's an average amount of gross profit you make from each customer annually.

Let's say you have an Average Revenue per Customer (ARPC) of $10,000, and your gross profit margin is 60%, your Average Gross Profit Per Customer [00:18:00] (AGPPC) is $6,000. This number shows how much money per customer you can spend on operating expenses and whatever's left over becomes your profit. You want to have a good sense of your AGPPC along with your Average Revenue per Customer (ARPC).

This Average Gross Profit Per Customer (AGPPC) is the one you want to think about. It shows the actual contribution to the bottom line for each customer towards covering operating expenses and generating profit. It's the number you use in calculating break even, and in calculating profit target calculations.

ARPC tells you what you *bill* a customer.

AGPPC tells you what you *keep* after serving them.

Software products may have [00:19:00] very high margins where service-based businesses may have lower margins. In my healthcare business, our gross profit was much lower than SaaS company.

Knowing this helps you. Knowing these numbers is critical. It drives your breakeven point and shapes how aggressively you can invest in acquiring new customers.

Break Even and Desired Income

The next thing I always like to bring up, and whether you are a breakeven company where you're already making profit or you're not: it's important to know what your Break-Even Point is.

At what point every month do you hit break even?

The definition of Break-Even Point is the **number of customers needed to cover all of your costs**. So all your costs would be all of your **operating expenses and all your Cost of Goods Sold (COGs).**

The easiest way to calculate this is you take your *operating expenses and divide it* [00:20:00] *by your average Gross Profit Per Customer (AGPPC).*

And that will give you your **Break-Even Point**.

Let's say you have a **$600,000 operating expense** budget, and your Average Gross Profit Per Customer (**AGPPC) is $6,000**. Every time you bring on a new customer, each one is contributing $6,000 in gross profit to cover operating expenses. So the **Break-Even Customers** is equal to $600,000 divided by $6,000, which means **100 customers.**

You have $600,000 of operating expenses and need 100 customers to cover them.

This is the number of customers you need to stop losing money.

Once you pass this point, each additional customer contributes directly to profit.

If [00:21:00] you're a Whale, your average gross profit (**AGPPC) might be $105,000 per year,** and your **operating expenses might be $6.3 million**. This company needs **60 customers** in order to Break Even.

The Deer has an average gross profit **(AGPPC) of $15,000,** and the **operating expenses are $ 1.5 million.** So they need **100 customers** to Break Even.

The rabbit needs 500 customers, and the mouse needs 5,000 customers to break even.

Do you know your Break-Even Point? We're going to use the tool today to help you figure out your Break-Even Point.

What about Desired Income? So you now know the number of customers you need to Break-Even, but maybe you want to do a heck of a lot better than break even!

What is your desired income this next 12 months?

[00:22:00] What would be the number of customers that you would need to hit that goal?

The way we get this is by taking **operating expenses plus desired net income** and **divide by the Average Gross Profit Per Customer (AGPPC)**.

That's going to tell you how many customers you need to not just break even, but hit this desired income goal.

If you've got $600,000 in operating expenses, and desired income goal to make $300,000-- you add those together, that's $900,000-- and you divide it by $6,000, which is the Average Gross Profit Per Customer (AGPPC). And that will give you 150 customers. So you can break even at a 100 customers. You can get to your desired income goal goal at 150.

Break-Even is survival**.**

[00:23:00] **Desired Income goal is *prosperity***-- the customer count that allows you to fund growth, invest in your team, and pay yourself well.

Conversion Rates and Sales Cycles

The next question is **conversion rates**.

as someone comes through your funnel.

They come through the top, learn about you, get into the middle of the funnel where you're giving them profound experiences, you make an offer, and they say yes.

Along that journey, you're going to look for the conversion rate.

What's the percentage from prospect to qualified prospect? Qualified prospect to offer? Offer to customer? Customer to satisfied customer? And satisfied customer to loyal ambassador?

You'll build ways to measure these steps. This could be a first step to a high potency action. You're looking to measure conversion rates from step to step.

I've seen this happen for myself, and other companies. When you measure these [00:24:00] steps, you'll start to understand, diagnose, problems in your funnel. You can quickly correct them.

It pinpoints where people fall off in your funnel. Higher conversion rates mean you need fewer people at the top to hit your goals. It informs where to invest in training and marketing to get the biggest lift in results.

You want to spend as little on marketing and sales as possible, but you want the *biggest results*. This helps you understand where it's working and where it's not.

Conversion rates tell the truth about your funnel's performance.

The other piece to talk about is the **sales cycle length**.

Whales have a longer cycle.

Mice have short cycles.

Sales cycle length.

The average time it takes for a customer to move from suspect to customer.

It affects your cash [00:25:00] flow. Longer cycles delay revenue. Knowing your average cycle helps you plan resources, impacts marketing and sales strategy.

Think about where you fit.

Cycle costs.

This is the amount you spend to move a customer from suspect to customer. This includes all of your marketing, sales salaries, commissions, travel, proposal costs, and tools and technology used during the Sales process.

This shows how efficiently you turn prospects into paying customers.

It must be balanced against your Average Revenue per Customer (ARPC)and your Average Gross Profit Per Customer (AGPPC) .

High costs are fine if you have high margins and retention supporting them. If not, you need to figure out another way to build your Growth Model.

It helps you decide where to increase or reduce investments for better return.

So rather than hiring a [00:26:00] salesperson, you might be thinking about, a new technology that, personalizes on behalf of you, as an example.

Retention, Churn, and Expansion

Retention, churn, and expansion are also important components of your growth model and managing your Growth Model.

Retention rate is the percentage of customers who remain active for a given time period. Every company should think about it in a different way based on what makes where you have drop off. But think about it, at least after 90 days and after a year.

Churn rate is the percentage of customers lost during a period of time.

Expansion rate is the percentage of customers who increase spending through upsells, cross sells, or upgrades.

And this is super significant in that the high retention, high expansion rates increase the **Customer Lifetime Value (CLV),** and it creates less pressure to constantly acquire new customers.

Churn is a leak in your growth [00:27:00] **bucket**. Even strong sales can't overcome high churn. You need to focus more attention in a high churn environment on retention and expansion.

Think about where to focus given your company. Is it on retention, churn or expansion? Where you need to focus most. Here you see different retention, churn, and expansion, metrics for Whale, Deer, Rabbit and Mice. They are very different.

Retention annually for Whales, 90% or more. Deer: 80 to 90%. Rabbit: 60 to 80%. Mouse: 30 to 60%.

For churn. Less than 10% churn for a Whale, 10 to 20% for a Deer, 20 to 40% for Rabbit, 40 to 70% for Mouse.

Annual expansion. The highest again, is the Whale: 20%. Followed by Deer: 15% to 20%. Rabbit: 5% to 10%.

This gives you the ability to think [00:28:00] **about:** How many customers this year am I going to retain 12 months from now? And then how many of them am I going to be able to expand services? That helps you build your model.

What are your costs?

Think about your costs within your growth model: **Costs per Prospect (CPP)** and **Costs per Customer (CPC)**.

Cost per Prospect (CPP) *is the average marketing and sales cost to acquire one qualified prospect.* Total customer acquisition costs, divided by the number of new prospects.

Costs per Customer (CPC) *is the cost to actually bring on new paying customer.* Total customer acquisition costs, divided by the number of new customers.

Cost per Prospect (CPP*) tells you the cost to fill the* ***top and middle of the funnel****.*

Cost per Customer (CPC) (CPC) tells you the *true cost of winning a customer in its* ***whole*** [00:29:00] ***funnel****.*

If your CPC is higher than your gross profit per customer, you will never reach profitability.

Understanding Cost Per Customer and Prospect

For a Whale, Cost per Prospect (CPP) might be $5,000 to $50,000.

Whereas for Mouse, it might be pennies to $50.

Cost per Customer (CPC) (CPC) and Cost per Prospect (CPP) show you exactly what it costs to put the right people in your funnel and turn them into paying customers.

By the way, you can always *improve* these costs per metrics.

If you only track Cost per Prospect (CPP), you may miss the fact that you're overspending to get leads in the first place.

If you only track Cost per Customer (CPC), you may not see conversion problems are driving costs up.

The healthiest companies track both.

Always compare these costs to the Average Gross Profit Per Customer (AGPPC), and then adjust accordingly.

Calculating Customer Lifetime Value (CLV)

Next is [00:30:00] **Customer Lifetime Value (CLV)**.

What's the lifetime value of our customer? **The total gross profit your company receives from a customer over the entire relationship.**

The formula is Average Gross Profit Per Customer (AGPPC) times the average number of purchases or renewal periods over the relationship.

Whenever you're talking to investors, this is one they want you to know. This is where they're thinking about how *much does it take to acquire a customer*, and *then how much will we receive from just one customer?*

What's the customer lifetime value? *CLV tells you how much a customer's worth over time, not just the first sale.*

It's essential for deciding **how much you can afford to spend on acquisition**.

A higher CLV relative to Cost per Customer (CPC) means more resources to reinvest into marketing, service, and growth.

It shows whether you should focus on **retention** [00:31:00] **and expansion** or **new acquisition**.

Our CLV ranges are very different. For a whale, it could be $250,000 to $5 million or more. For a mouse somewhere between $10 and $500.

What is your customer lifetime value? It's one of the most important numbers in your Growth Model. If each customer is worth $1,800 over three years and it costs you $400 to acquire them, you can make smart decisions about your marketing spend.

If your CLV is too close or less than your Cost per Customer (CPC) it's a sign to work on retention, expansion or pricing before scaling acquisition. You could be gaining customers and actually losing more and more money. You don't want to do that.

Growth Model Types and Their Importance

Here is a summary of Growth Model Types: Whale, Deer, Rabbit, and Mouse.

The Average Revenue per Customer (ARPC). Number of customers [00:32:00] to hit $10 million. Sales cycle. Acquisition cost, retention focus, and example industries.

Hone in and figure out your type.

Each model demands different skills, strategies, and resource allocations.

Choose the wrong playbook for your model can stall growth, or put you in the red.

Aligning your approach with your model gives you the greatest chance of scaling successfully.

Introduction to the Growth Model Builder Tool

You're going to go over to the Growth Model Builder(TM). Available in both a PDF as well as Excel version. The Excel version is the one I'm going to walk you through because it will do most of the calculations for you.

We're going to determine how many customers you need. Identify your growth model type. Build your growth model. Set 12 month goals for your growth model. Then we're going to put it together into one summary slide so that you can be able to return to it over and over again. And then we're going to show you how to track and [00:33:00] refine.

The **Growth Model Builder(TM**). This is the Excel file.

At the bottom, it has tabs.

The first tab is the instructions. And it's going to give you a definition of growth model, why it matters, and how to use the tool.

We're just going to work our way across, from one tab to the next.

Some cells are **yellow** and others are **gray.**

You want to focus on putting your numbers only in the ***yellow***, that will calculate everything else.

Refrain from filling in the ***gray*** *boxes because if you do, the calculations would be lost.*

Building Your Growth Model

The first part of the Growth Model Builder(TM) is ***how many customers do you need?*** I've filled in some numbers here so that we can look at numbers, but anything that's in yellow, I encourage you to write over . You're going to receive the template with numbers in it.

The first section: **how many customers you need?**

Put in your current profit and loss monthly and annually. And desired income. Put all this data and it's going to start to spit [00:34:00] out answers for us.

Put in your monthly and annual **revenue**.

Put in your **cost of goods sold** monthly and annually.

Then it will show you what your **gross profit** is and your **gross profit margin**.

Plug in your **operating expenses**.

Put numbers in the **yellow** spots.

Just put in your best guess if you're not sure .

Then come down to your **total customers served**.

You find out your **Average Revenue per Customer (ARPC)**, which we keep talking about. This company is at $24,000 Average Revenue per Customer (ARPC), per year. We can right away know which model type it is. Less than $100,000, but more than $10,000. So it puts it at a Deer.

Go ahead and identify for yourself roughly what your Average Revenue per Customer (ARPC) is.

You're also going to discover your **Average Gross Profit Per Customer (AGPPC)**. So how much is going to be used towards your operating expense and then [00:35:00] every customer beyond that, it will turn into net income.

So we roll down here and it's automatically to tell you your Break-Even Revenue. How about that?

The numbers of customers is six. Every month you start with six. If you've already got 10, then you've already hit breakeven annually.

How many do you need to hit $600,000? We need 14 customers for the year. This is total customers.

Then you have your **EBITDA**, which is your **net operating income**. It's your *revenue minus your Cost of Goods Sold (COGs).*

Then is your **Desired Net Income.** $250,000 per month or $3 million annually. Let's say, that's how much you want to bring home.

Estimated **operating margin** would be 50%. It pulls that 50% down, but [00:36:00] let's say you know you're going to have some cost increase because to serve in the future at that higher level you might increase your total percent. Or maybe it's the other way around. Maybe as you increase your size, the costs go down because you get scale and your product becomes less expensive.

I suggest for the first time, you leave **operating margin** alone. But that's where you can play. It's a point of leverage.

Then you say, **what's the required revenue?**

If I want **$3 million in annual income** and have a **50% operating margin**, this is going to tell you I need **$6 million in revenue**. We need **250 customers** per year to hit a $3 million annual income goal.

Go ahead and fill this out. if you want to make any adjustments to the items in yellow, you can.

So now you've [00:37:00] got a good start.

You know your Average Revenue per Customer (ARPC). You know your Break-Even in both revenue as well as customers. And now you also know, I can plug in different numbers here. So let's say instead of $3 million, I just want $1 million. Now it's going to show you, I need $2 million in revenue and 83 customers.

So you can play around with this.

Now you're going to go over and say, **what is my model type?**

We've already looked at this in the presentation. I recommend you write down whatever **type** you are.

You can always come back to this page to help you see, well, what's the average conversion rate at each stage, and if I wanted 10 million in revenue, how many suspects would I need? How many prospects? How many customers? If I'm a Deer I probably need around a thousand customers.

Think about what your company needs. you can also see how much personalization in the [00:38:00] sales cycle they need. For a Deer, it's medium. What's the sales cycle length? What's the average Cost per Customer (CPC) and the average customer length?

Go ahead and decide where you fit.

Now we're going to **build your actual model**.

Use your actual business data or estimates. **Fill in the yellow spots.**

It defaults to the Average Revenue per Customer (ARPC) from part one. So you can leave it alone, right?

What's your conversion rate for each of these? If you don't know go to your group model type selected in part two. Here is my conversion rate from suspects to prospects. I'm a Deer. Dear Suspects To Prospects says it's 8%. I don't know what my actual percent is, so I'm just going to put 8%. From prospects to offer, for a Deer it's 80%. Now I'm going to go over here and adjust to 80%, and I'm going to find [00:39:00] out what about offer to new customer.

So, offer to new customer is 30%, so I put 30% and then customers retained year over year. So this is going to be important for us to always remember how many customers we're going to keep. We're going to say, we're just going to use this satisfied number. We're going to say 20%. So I'm going to put 20%.

And so now in this line, you're going to say, *how many customers do I have currently?* So let's say you have 500 customers, or 23 customers, or 17, put that number in. So right now I have 50 customers, and this is going to tell me how many will I have in a year? It's calculating from, from my retained percentages. It says I'm going to have 10 in a year.

So now I'm going to come down. It's going to tell me how many customers I need to break even. The needed revenue I need is [00:40:00] $342,000, and that's where I will hit an EBITDA of $0. The customers I'm going to need is 14.

Current number of customers I have is 50. The number I expect to retain 10. 40 is the number that you need.

The total number of suspects you need based on this conversion rate up here is 2000 in a year. The number of prospects you're going to need is 167. And the number of offers you're going to need to give is 133.

So this is all mapped out for you.

How much per month? Dividing everything by 12. Need 174 suspects, 14 prospects, offers I need to deliver is 11. 30% of the time, they're going to say yes.

Now we look at the customers needed to support desired net income. What's our current annual revenue? What's our net income? $ 600,000. That's pulled from part one.

What's the desired [00:41:00] **EBITDA?** We pulled directly from part one. The operating margin. You could play with it maybe your number is $3 million, but you want to increase this year from $1.2 Million to $2 million. To do that, you're going to need $4 million in revenue. You're , you have 50 customers, you're going to retain 10, which means you need 40 new customers.

And the number of suspects would be 2000, prospects 167, offers 133.

Fill in those numbers, see what they mean.

Down here, fill in level of personalization and customer enrollment experience.

And again, you can go back to part two in the model type to find out just what the answer in terms of personalization, sales, cycle length, average Cost per Customer (CPC), average cost, and, length of customer relationships. Fill [00:42:00] those in with actual data or the data we've already supplied to you.

Setting and Tracking Your Goals

Now we're going to **set your goals for 12 months out.**

Some of this is going to pull over from prior pages.

So a lot of the work you've done is going to come right over. And so let's say customer enrollment TR targets by 12 31 20 26. And what is, by what percent would you like to increase your revenues by this target?

It's going to increase annual revenues by 20%. If you want to do a hundred percent whatever, it's, so you're going to put plop in your goal. It's going to give you your cogs, the percentage based on your cogs. It's going to calculate your gross profit, your profit margin percent, the operating expenses that you're going to need.

It's going to, so it's going to account for your growth size. So when you're at 1.2 million, it's 240 of Opex here, it's going to go up to 480,000. And then it's going to [00:43:00] show your EBITDA. It goes from 600,000 to 1.2 million contribution margin. Percentage of EBITDA, over revenue.

How many customers do you need per year? Right now 50 customers per year with Average Revenue per Customer (ARPC) of 24,000. Next year, you're going to need a hundred with the same amount of revenue per customer. So you have set your p and l goals for 12 months.

Next, you're going to look at your conversion rates.

Next you're going to say, okay, let's focus on conversion. What do I want my conversion to be? Maybe right now it's 8% and you want to keep it there, or maybe you want to change it to whatever you want over here. So maybe you decide you want it to 9% or 12%.

Decide the percentage for each stage.

Then what's the volume that you want to increase, right? What's the volume? [00:44:00] So this is going to calculate straight from your conversion rate. So this is where as you change these numbers, you can see how they change down here.

So at 8% suspects to prospects from eight to 12, instead of 217 suspects, now you're going to get 289.

For your prospects, increase from 80 to 85. Right? See how big of a difference that is? You're almost doubled your volume by adjusting these two numbers.

So then you can say I want to increase my offer to customer from 30% to 40%. That's going to increase new customers I'm going to get from from four to eight monthly, or 50 to a hundred annually.

So notice how tweaking creates powerful results.

By making improvements in the [00:45:00] ***funnel, this is how you get from 50 customers per year to a 100. That's how you double your numbers.***

The power of a growth model.

You can also look at the cost of your cycle. Tweaking each stage, how much you spend on marketing, sales, travel, tools -- you can increase or lower your costs.

Here we see retention, churn, expansion. Create goals around retention-- 90 days out and 12 months out.

Set your **12 month goals** here.

And then we go to **section five where we put it together**.

Here you don't have to do anything. This just pulls from everywhere else. The only thing you have to do is select which model you are

but all these are the things are going to, are going to populate for you, and hopefully this is going to help you see things really, really clearly. You've done the work. Your Average Revenue per Customer (ARPC) is 24,000. This is a key number for you to keep your eyes on all the [00:46:00] time. So how many customers do I need to have a hundred thousand in revenue? I need four. If you have more than four, that's great. How many do I need for a million? I need 42. How many do I need for 10,000,417? If I want to build my company to a hundred million dollars, I need 4,167 customers.

Think about where you fit. Your goals and the Growth Strategy to get from where you are-- maybe you have $1 Million in revenue, you have your 42 customers, and you want to get to 10 million. How would you get those 400 customers? This is set on the default of 12 months from now, or whatever your default was, on the goal setting page.

How many suspects do you need based on the percentages here? You need 204 per month suspects. [00:47:00] You need 25 prospects per month, and eight new customers per month to meet your goals. So 12%, 85%, 40%, these are your goals for conversion and they came from the prior page as well.

And then you have your retention rates from the 12 page goal. All in one place. You can see your Growth Model.

Update your 4-Page Growth Plan(TM).

The section right here is on your 4-Page Growth Plan(TM).

Track & Refine

The last piece is tracking. So I invite you to use this page, this sheet in the Excel model, and you can put it on a Google sheet if you want. Start every single month or week. I like weeks, but let's get started first every month where you measure as many things in here as you can. Suspects, prospects, [00:48:00] offers. New customers. Maybe you don't know how many you're satisfied. Maybe you don't know how many are loyal. That's okay. So maybe you start out with, Average Revenue per Customer (ARPC), prospects, offers, your new customers. And then it's going to calculate for you your conversion rates, right?

And now you'll be able to co compare it to your goals. You can start to track retention. What's that percentage? What's the percent that have been lost? And then how many of the customers have we upsold. What percentage of customers have been, upsold in the last 7, 30, 90, 12 months, three years?

Start filling in this data every month,.

Take a moment to acknowledge your wisdom. You've built your new Growth Model. I'm sure your brain is spinning and buzzing.

Your growth model is your company GPS. You'll walk away knowing the exact [00:49:00] math behind hitting your revenue and profit goals. By thinking about conversion rates, Costs per Prospect (CPP), Costs per Customer (CPC), Average Revenue per Customer (ARPC), Average Gross Profit Per Customer (AGPPC), you're starting to really put together the elements that create growth.

Small metric shifts create big result. A 5% increase in conversion. Or Average Revenue per Customer (ARPC) can compound into significant growth without adding customers. Not all growth models are created equal. Whether you're a whale, a deer, a Rabbit, or a Mouse changes your strategy for acquisition, retention, and profitability.

You have the power to choose where to focus for fastest growth. With clear metrics, you can decide whether to prioritize more leads, better conversion, higher value offers, or stronger retention. And you'll know the financial impact before you [00:50:00] act.

You cannot scale what you don't measure. Focus on your growth model, which gives you everything to ensure growth is the only outcome.

So update your 4-Page Growth Plan(TM).

Pick a **High Leverage** Habit. *If you had 30 minutes ~~Each~~ week, to focus on your Growth Model, what single habit would move the needle most for your business this quarter?*

Review your customer enrollment and retention funnel, both units and conversion rates at each stage every week. You can compare actual sales cycle length and cost against your growth model assumptions every week. Identify a blockage or underperforming metric and brainstorm ways to improve.

If you could only do one project this quarter to dramatically improve your growth model results, what would it be? I recommend looking [00:51:00] at bottlenecks, accelerants, and key numbers you want to focus on.

So maybe converting prospects to qualified prospects, or converting offers to customers. Where in your funnel do you want to see a result? Figure out a specific task. Maybe redesign the customer onboarding process to improve conversion rates by 20%.

Maybe you want to launch high impact referral program to double ambassador driven customer acquisition, negotiate a supplier contract to increase Average Gross Profit Per Customer (AGPPC). Implement a CRM automation that cuts sales cycles in half. Maybe you want to create a premium upsell offering to expand revenue from existing customers by 15%.

We did so much today in this masterclass. You defined your Growth Model, saw your Model Type, and learned how to use the [00:52:00] Growth Model Builder.

All the time you've integrated these discoveries into your 4-Page Growth Plan(TM), so it can affect every part of your company. You've identified a high leverage habit and committed to a high potency action. look at chapter nine in my book, A Force for Good, which you can get at aforceforgood.biz/book, and you can learn even more there about the growth Model.

You can sign up for tools like the Growth Model Builder. We hand them out free once a week. Each week you get a different tool and a masterclass to go along with it. Go to aforceforgood.biz/weekly-tool to get access. You can also sign up for our Growth Accelerator, which allows you to install the full system in 12 modules. The most efficient way and in the order of tools that create [00:53:00] the best growth. The information you need to digest quickest to help you really implement a system, it's at aforceforgood.biz/accelerator. Oh my goodness. Thank you. Thank you, thank you.

Thank you for being here today and figuring out how many customers you need to create prosperity in your company. The world is made better by women-led business. Let's go make the world a better place.