

THE GROWTH ECONOMICS REPORT

What growth is costing you, and the plan to change it.

A board-grade reading of customer acquisition economics, and the staged plan to move the engine from below break-even to creating capital.

PREPARED FOR
Northwind Systems

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What this report covers

Where the business stands, the findings behind it, and the plan that answers them. One document, in two parts.

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Basis of preparation, and disclaimer

How this report was built, and what it is, and is not, for.

Source of data

This report is built from information supplied by Northwind Systems, reconstructed from Northwind Systems' own systems, and from assumptions agreed with them. The plan draws in addition on a structured marketing intake. The figures have not been independently audited. Their accuracy depends on the completeness and accuracy of the inputs provided.

Purpose

The report is a commercial decision-support tool. It is intended to inform capital-allocation and marketing-investment decisions, not to serve as a financial audit, statutory account or formal valuation. Its directional conclusions, rather than its precise decimal figures, are what it is designed to support.

Method

Acquisition cost is stated fully loaded and acquisition-only: media and programme spend, marketing technology, and the acquisition share of sales and marketing salary cost. Retention and expansion are held separate throughout. Lifetime value is stated net of cost to serve and discounted to present value. A ratio below 1:1 means a customer costs more to win than it returns over its life.

Northwind Systems' acquisition engine returns roughly 53 pence for every pound it spends winning a customer, a shortfall of roughly £651k a year at the current rate of acquisition. The loss is concentrated, and most of the correction needs no new money.

CLV : CAC, FULLY LOADED	CAPITAL BURN VELOCITY	CAC PAYBACK, LOADED
0.53 : 1	-£651k / yr	≈ 39 mo
Below break-even (1:1) and healthy (3:1).	About £54.3k a month at the current rate.	Against the ≈ 24-month average tenure.

THE FINDINGS

F1	Loaded cost to win a customer is £34.5k	£34,500, against £15,000 reported.
F2	Net lifetime value is £18,223, against £18.2k	£30,000 in view.
F3	Reported pipeline is credited 2.8× over.	2.8×
F4	Each new customer opens a gap of -£651k/yr	£16,277.
F5	Below break-even, growth widens the gap.	< 1:1
F6	No segment repays; SMB, at 0.30:1.	0.30:1

THE PLAN

A1	Concentrate acquisition on the segments that return.	£418k
A2	Reallocate the channel mix to the defined roles.	
A3	Match demand volume to what sales enables can convert.	
A4	Rebuild the brand position where it lifts the cost of demand.	
A5	Re-base measurement on the capital governance outcome.	
A6	Assign ownership, and set the governance cadence.	

Year one reaches break-even on the existing budget, through reallocation alone. The healthy ratio takes three. Full report attached.

Where you stand

The verdict, the headline numbers, and what they mean.

Northwind Systems' acquisition engine returns roughly 53 pence for every pound it spends winning a customer, a shortfall of about £651k a year at the current rate of acquisition.

TABLE 1

Three headline measures, each below the line that preserves capital.

MEASURE	RESULT	AGAINST BENCHMARK
CLV : CAC, fully loaded	0.53 : 1	Below break-even (1:1) and healthy (3:1)
Capital Burn Velocity	-£54.3k / mo	≈ £651k a year at run-rate
CAC payback, loaded	≈ 39 mo	Beyond the ≈ 24-month average tenure

Fully-loaded acquisition cost measured against margin-based, discounted lifetime value. Detail in Sections 03 to 05.

Why this differs from the position you held

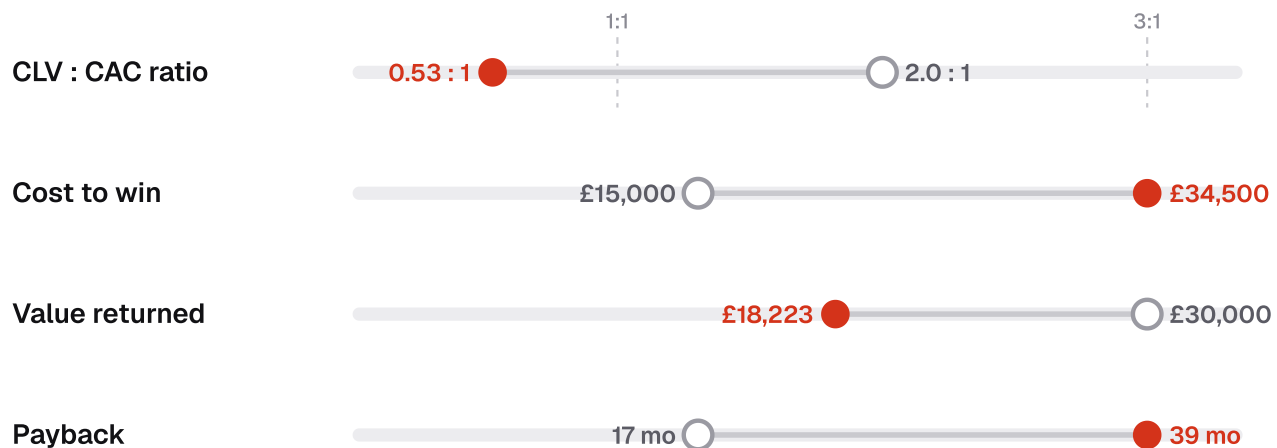
You have been working to a ratio close to 2.0 : 1 and a payback of about 17 months. On the inputs that view used, it was a fair reading. The distance between 2.0 : 1 and 0.53 : 1 does not reflect a deterioration in the business. It reflects what those inputs included. Three measurement conventions, each ordinary and each defensible on its own terms, moved the reported position in the same direction.

Cost was drawn narrowly. A reported CAC of £15,000 counted the spend that leaves the business as marketing: media, events and agency fees. It did not carry the loaded salaries, the business development effort, or the technology that also go into winning a customer. Value was read on revenue, taken as contract value across tenure, before gross margin, before the cost of serving the customer, and without discounting future income to present value. Pipeline was credited on multi-touch, so every channel a buyer touched claimed a share of the same opportunity, and channel contribution summed to more pipeline than was originated.

Corrected on all three, the position turns over. This is the ordinary shape the error takes, several defensible conventions compounding in the same direction, and it is precisely why it went unseen: no single input was wrong on its own terms.

FIGURE 1

Reported against measured: four headline figures, each on its own scale.



Hollow marks the reported view you held; red marks the fully-loaded, margin-based, discounted figure. Each metric is scaled independently.

What it is costing you

At £34,500 to win a customer worth £18,223, each new customer opens a gap of £16,277 before it has repaid what it cost to acquire. Multiplied by the rate of acquisition, that gap becomes a velocity rather than a number: capital leaves at roughly £54.3k a month. The loaded payback, at about 39 months, now sits beyond the average tenure of about 24 months, which means the typical customer leaves before repaying the cost of winning them.

Where it concentrates

The shortfall is not spread evenly. The SMB book runs at 0.30:1 and accounts for 64% of the total shortfall while producing 50% of new logos. No segment has yet reached break-even, so there is no healthy segment subsidising the rest. That matters for the recovery: this is a question of where you acquire and how, not of whether marketing should spend less.

The scorecard, and the inputs

Six outputs at a glance, and the figures the analysis is built on.

Six outputs, each answering a decision rather than describing an activity. The detail behind each follows in the sections noted.

TABLE 2

The scorecard: six outputs, each tied to a decision.

OUTPUT	RESULT	READS
Fully-loaded CLV:CAC	0.53 : 1	All segments below 1:1
CAC payback and Capital Burn Velocity	≈ 39 mo	£54.3k / month
Growth-efficiency read	Inverted	Scaling deepens the loss
Blended-versus-loaded CAC gap	2.3×	Reported CAC was 43% of loaded
Capital addressable at run-rate	£651k	The annual shortfall the plan targets
Attribution over-claim	2.8×	Claimed against first-touch verified

Each output answers a capital-allocation question. Detail in the sections that follow.

The inputs supplied

The report is only as good as what goes into it. These are the figures provided, or reconstructed from Northwind Systems' systems, with retention costs separated from acquisition throughout.

TABLE 3

Inputs, trailing twelve months, with retention held separate from acquisition.

INPUT	VALUE	SOURCE
New customers won (12 months)	40	CRM, closed-won
New customers per month	3.3	Derived
Average annual contract value	£15,000	Finance
Gross margin	70%	Finance
Average retained tenure	2 years	Cohort, CRM
Reported CAC (media + programme)	£15,000	Marketing
Cost-to-serve	£0 / yr	Finance, ops
Discount rate	10%	Finance policy

Acquisition and retention costs are held separate. Mixing them is the most common single cause of a CAC figure that answers neither question.

Fully-loaded CAC, and net CLV

The true cost to win, and the true value won.

FINDING 01

Your fully-loaded cost to win a customer is £34,500.

THE FINDING

A reported CAC of £15,000 captured paid media, events and agency fees. Adding the loaded sales and marketing headcount (£14,000), the business development and SDR effort (£3,500), and the technology that supports acquisition (£2,000) brings the fully-loaded cost of winning one new customer to £34,500. Retention costs are held out throughout, so the figure answers the acquisition question alone.

WHAT THIS MEANS

The £19,500 difference is not new spending. It is spending already made, attributed to the activity it belongs to. The convention that produced the reported figure, counting only the money that leaves the business as marketing, is common and is not a reporting failure. It simply answers a narrower question than the one capital allocation asks: not what did marketing spend, but what did it cost to win a customer.

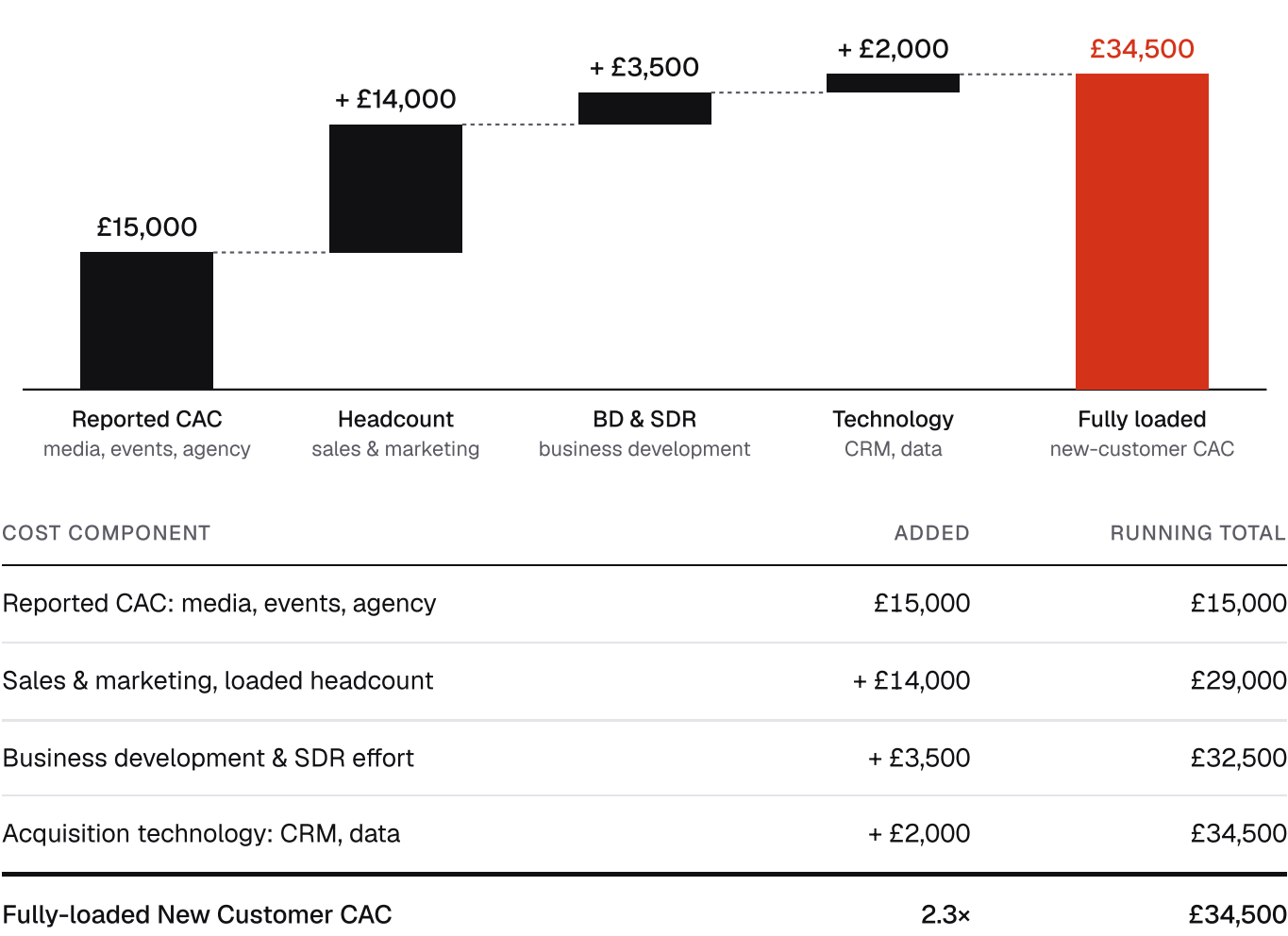
THE IMPACT

The reported figure represented 43% of the loaded cost, so decisions priced against it were priced against a fraction of the real number. Every acquisition judgement made on it, channel budgets, segment focus, sales capacity, carries the same distortion, and will continue to until the loaded figure becomes the planning figure.

Answered by **A5** and **A6**.

FIGURE 2

What it really costs to win a customer: reported CAC bridged to fully loaded.



Each held-out cost added in turn. Retention is excluded throughout, so the number answers the acquisition question alone. The £19,500 difference is spend already made on winning customers, attributed elsewhere.

FINDING 02

Your net lifetime value per customer is £18,223.

THE FINDING

Lifetime value was being read as contract value across tenure, before margin and without discounting. Read on gross margin, net of the cost to serve, and discounted to present value, the lifetime value of one customer is £18,223, against the £30,000 in view.

WHAT THIS MEANS

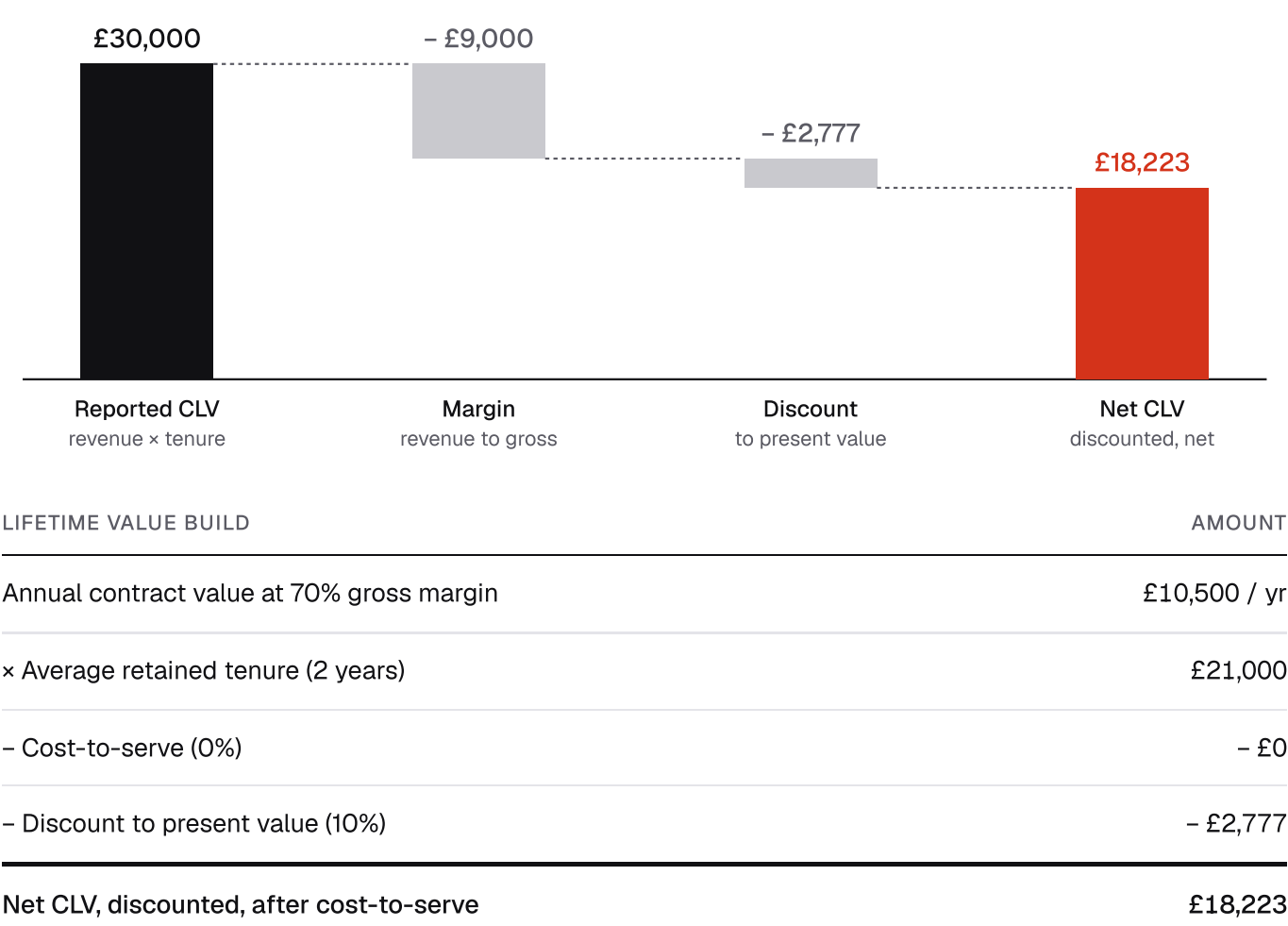
Revenue is not what a customer returns. Margin is, and it arrives over time rather than at once. The build below applies each correction in turn: gross margin at 70% takes the £15,000 contract to £10,500 a year; the average retained tenure of 2 years gives £21,000 of gross margin across the customer's life; the cost to serve removes £0; and discounting future margin at 10% removes a further £2,777. None of these are pessimistic assumptions. They are the conventions a finance team would apply to any other investment of the same size.

THE IMPACT

The revenue-based figure overstated what each customer returns by roughly 1.6×. Read together with Finding 01, this is the second of the movements that carried the reported ratio to 2.0 : 1: one lightened the cost, one inflated the return, and they compounded.

Answered by A1.

FIGURE 3
 From revenue to net present value: the lifetime value build.



The revenue-based, undiscounted CLV overstated the return by roughly 1.6×. Read with Finding 01, both corrections move the ratio in the same direction.

Attribution, claimed against verified

The third movement behind the reported position.

FINDING 03

Your reported pipeline is credited 2.8× over.

THE FINDING

Under multi-touch attribution, every channel a buyer touches claims a share of the same opportunity, so channel totals sum to more pipeline than was originated. Re-cut to first-touch, the channel that genuinely started each opportunity, a claimed contribution of £4.5m reconciles to £1.6m, an over-claim of 2.8×.

WHAT THIS MEANS

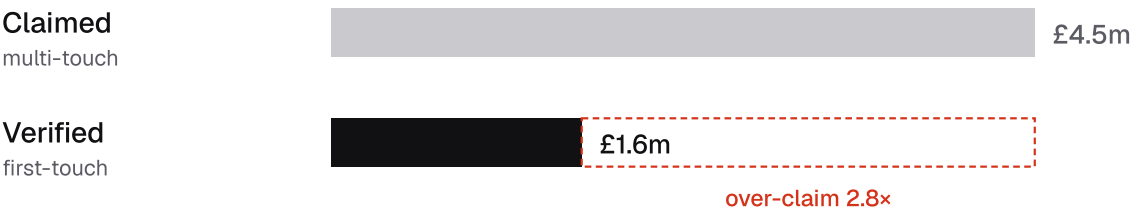
This is not a reporting failure, and the channels are not competing for credit dishonestly. Multi-touch is the default in most CRM and automation platforms, and it is genuinely useful for understanding influence: it answers "what did the buyer encounter?". It cannot answer "what created this opportunity?", because it deliberately shares one opportunity across many claimants. Used for capital allocation, that sharing double-counts.

THE IMPACT

This is the third movement, alongside the cost and value corrections, and it compounds them. Cost was understated, value was overstated, and pipeline was over-credited, all at once and all in the same direction. It also means channel budgets have been set against contribution figures that cannot be reconciled to originated pipeline, so the money has been following influence rather than origination.

Answered by **A5**.

FIGURE 4
Marketing-sourced pipeline: claimed against first-touch verified.



BASIS	PIPELINE	SHARE OF TOTAL
Claimed marketing contribution (multi-touch)	£4.5m	56%
First-touch verified	£1.6m	20%
Over-claim	2.8×	

Claimed pipeline contribution against first-touch verified. The gap is the double-counting that multi-touch attribution permits, and a large part of why marketing-reported ROI ran ahead of the financial reality.

The pattern

Three conventions, each reasonable on its own, moved in the same direction at the same time. That is why the position held together, and why it did not survive being measured.

Ratio, payback and Capital Burn Velocity

The ratio tells you if. Burn Velocity tells you how fast.

FINDING 04

Each customer you win opens a gap of £16,277.

THE FINDING

At £34,500 to win a customer worth £18,223, the engine is £16,277 short on each new customer before that customer has repaid the cost of acquiring them. At a rate of roughly 3.3 new customers a month, that per-customer gap becomes a rate: approximately £54.3k a month, or £651k a year at run-rate.

WHAT THIS MEANS

A ratio tells you whether the engine repays. A velocity tells you how quickly the position moves while you decide what to do about it, which is the number a board needs. It is worth being precise about what it is not: this is not total cash burn, and it is not runway. It is the rate at which one activity, winning customers the way they are currently won, moves capital off the table. It is also the reason the position is easy to miss. Nothing fails visibly at 0.53 : 1; the engine simply runs, and the cost accrues.

THE IMPACT

The loaded payback of about 39 months now sits beyond the average tenure of about 24 months. That is the sharper edge of this finding: on today's economics the typical customer leaves before repaying what it cost to win them, so the shortfall is not deferred revenue that arrives later. It does not arrive.

Answered by A1, A2, A3.

TABLE 4

The per-customer gap carried through to an annual rate.

COMPONENT	AMOUNT
Fully-loaded New Customer CAC	£34,500
– Net CLV	– £18,223
Economic gap, per customer	– £16,277
× New customers per month (≈ 3.3)	–£54.3k / mo
Capital Burn Velocity, annualised	–£651k / yr

The per-customer gap at the current pace of acquisition. It isolates the acquisition engine alone, and excludes retention and every other cost in the business.

FIGURE 5

Where the ratio sits, against break-even and healthy.



The measured CLV:CAC against the break-even and healthy benchmarks. The reported position sat in the healthy band; the measured position sits below break-even.

FINDING 05

Below break-even, growth widens the gap.

THE FINDING

Because each new customer currently costs more than it returns, additional volume adds to the shortfall rather than reducing it. On today's economics, every extra pound of acquisition spend and every extra customer won widens the gap.

WHAT THIS MEANS

This inverts the usual relationship between growth and efficiency, and it is the most counter-intuitive part of the position. Scale normally improves unit economics. Here it cannot, because the unit itself is loss-making: multiplying a negative does not change its sign. The common response, investing harder into growth to earn the way out, accelerates the loss rather than closing it, and it does so quietly, because volume rises at the same time.

THE IMPACT

The growth plan and the recovery are, for the moment, in tension. Any target that increases new-customer volume before the unit economics reach 1:1 will increase the annual shortfall roughly in proportion. The sequence therefore matters more than the ambition: reach 1:1, then scale, and the same plan becomes accretive.

Answered by **A3** and **A5**.

On growth

Growth is not the problem, and it is not the answer yet. On these economics it is a multiplier, and the number it is multiplying is negative.

The segment and route breakdown

Where the capital is going, by segment and by route, against the reference lines.

FINDING 06

No segment has reached break-even, and SMB is furthest from it.

THE FINDING

The blended 0.53 : 1 is an average of three different economics, not a single position. Split out, the SMB book runs at 0.30 : 1 and carries £417,769 of the annual shortfall, 64% of the total, on 50% of new logos. Mid-market runs at 0.61 : 1 (£164,876); Enterprise runs at 0.81 : 1 (£68,430). None has reached 1:1.

WHAT THIS MEANS

A blended ratio hides as much as it reveals. Here it hides the most important fact about the engine: there is no healthy segment subsidising the rest. In most businesses with a poor blended number, one segment is carrying the others, and the recovery is a reallocation towards it. That option is not open yet. Enterprise, the strongest, returns 0.81 : 1; SMB, the weakest, 0.30 : 1.

THE IMPACT

Growth is concentrated in the least economic segment, so volume and shortfall are currently rising together. It also sets the order of the recovery: SMB is where the largest share of the addressable capital sits, and it is the segment where the change is structural rather than incremental.

Answered by A1.

TABLE 5

Unit economics by segment.

SEGMENT	NEW CUSTS	LOADED CAC	NET CLV	CLV:CAC	DESTROYED / YR
SMB	20	£30,000	£9,112	0.30 : 1	– £417,769
Mid-market	12	£35,000	£21,260	0.61 : 1	– £164,876
Enterprise	8	£45,000	£36,446	0.81 : 1	– £68,430
Blended	40	£34,500	£18,223	0.53 : 1	– £651,074

Segments ordered weakest to strongest. Loaded CAC and net CLV are on the same basis as the blended figures above.

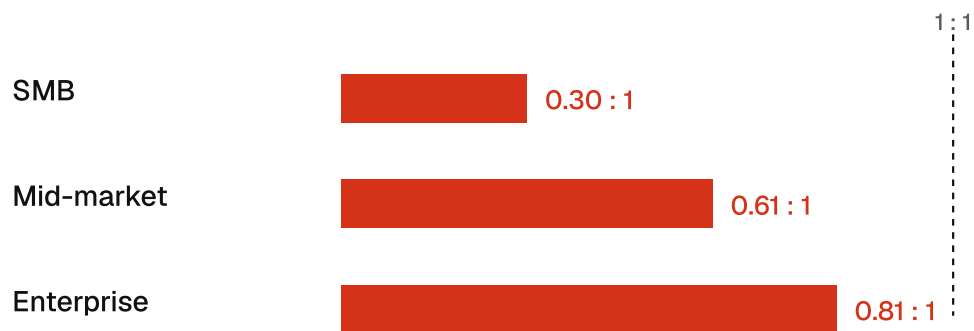


TABLE 6
Position against benchmark.

REFERENCE	BENCHMARK	THIS BUSINESS	STATUS
Break-even (capital preserved)	1.0 : 1	0.53 : 1	Below
Healthy B2B acquisition	3.0 : 1	0.53 : 1	Below
CAC payback (loaded)	< 12 mo	≈ 39 mo	Beyond tenure
CAC payback (reported, media-only)	< 12 mo	≈ 17 mo	Flattered

On the reported, media-only basis the engine read as healthy; both figures are internally consistent, they simply measure a narrower question.

The findings, drawn together

What the six findings add up to, before Part Two answers them.

The six findings set out in Sections 03 to 06 describe one position rather than that many separate problems. The cost of winning a customer was understated and the value won overstated, so the reported ratio flattered the engine; corrected, it sits below the line that preserves capital. That shortfall is not spread evenly. It is concentrated in the weakest segment and the weakest route, which is what makes it correctable by changing where and how customers are acquired rather than by spending less.

IN ONE LINE

You are not running one acquisition model. You are running three, none of them yet at break-even, and the most capital is going to the weakest of them.

Part Two sets out what to do about it.

The response, in brief

The recommendation, and what is asked of the board.

The recommendation

Concentrate acquisition on the segments and channels that already return, rebuild the brand position that the numbers show is being paid for in its absence, and re-base marketing's measurement on the capital outcome rather than on lead volume. The plan stages this across three years, because a ratio of this kind does not move in a quarter, and treating it as though it should is what produced the position.

Year one targets break-even at 1:1, achieved through reallocation alone and therefore available without a budget decision. Years two and three target 2:1 and then 3:1, and depend on the brand rebuild compounding and on decisions that sit with the board rather than with marketing.

TABLE 7

The staged path from today toward a healthy ratio.

STAGE	TARGET RATIO	WHAT MOVES IT	BUDGET DECISION
Today	0.53 : 1	n/a	n/a
Year 1	1.0 : 1	Reallocation of existing spend	None required
Year 2	2.0 : 1	Brand rebuild; board levers	Separate brand case
Year 3	3.0 : 1	Brand asset compounds	None further

Targets are goals rather than guarantees. Each stage advances only as the measured ratio confirms the last.

What is asked of the board

Three things, in order of consequence. First, agree that fully-loaded acquisition cost is reported to the board quarterly and that a named executive owns it. Second, approve the reallocation set out in Part Two, which moves existing budget between channels and segments and requires no new money. Third, consider separately, and later, the brand investment set out in Section 12, once the reallocation has been given time to demonstrate a response.

The commercial levers that marketing does not control, price, product and route to market, are raised as matters for the board rather than as recommendations of this plan. They are noted because the capital position cannot be fully corrected without them, not because marketing proposes to act on them.

The marketing strategy

Who Northwind Systems sells to, on what basis it competes, and the role of each channel.

This is a marketing strategy written to answer a capital problem. It sets out the choices that determine the ratio: which customers marketing pursues, on what basis Northwind Systems is chosen, and what each channel is for. Section 10 sets out the plan that executes it.

Marketing's mandate

The findings in Part One are commercial findings rather than a judgement on marketing's performance. The budget is unremarkable for a business of this size, and the channels are being run competently. What the analysis found is that marketing has been operating without sight of the one number that determines whether its work creates or consumes capital, and has been measured instead on volume. Taking ownership of the ratio enlarges marketing's authority rather than constraining it.

The objective

Move the acquisition engine to break-even within year one and toward 3:1 across three, using the levers marketing controls, with no additional budget required in year one. The strategy makes three choices in service of that objective: where to play, how to win, and what each channel is for.

Where to play

The segment dispersion set out in Part One is wide enough to be a strategic choice rather than an operational adjustment. SMB returns 0.30 : 1 and consumes 64% of the shortfall; Enterprise, the strongest, returns 0.81 : 1.

The strategy concentrates acquisition on the segments that return and retains SMB as a served base rather than an acquisition target. Marketing is not withdrawing from a segment; it is declining to buy customers through paid channels at a price the current commercial model cannot support. Existing customers continue to be served, renewed and expanded, through channels that cost nothing to acquire through.

TABLE 8

Acquisition concentrates on the segments that return; the laggard is retained rather than pursued.

SEGMENT	STATED INTENT	RETURN	CORRECTED ROLE	ACQUISITION
Enterprise	Grow (actively acquire)	0.81:1	Grow. Highest value, closest to break-even	Increase
Mid-market	Grow (actively acquire)	0.61:1	Grow. Part of the volume engine of the recovery	Increase
SMB	Grow (actively acquire)	0.30:1	Retain. Serve, renew and expand the base	No paid acquisition

Stated intent is the growth intent recorded for each segment at intake. Segment roles are reviewed annually; should the board change the laggard's economics through price, packaging or route, it returns to the acquisition strategy on revised terms.

How to win

- 1 The basis of competition.** The most reliable platform for mid-market operations teams.
- 2 Why deals are won.** Implementation speed and post-sale service. A genuine advantage, but one realised only in the deals Northwind Systems is invited into.
- 3 Why deals are lost.** No-decision on long cycles, and losing to larger incumbents on familiarity rather than capability. A supplier that wins once it is in the room but is not thought of when the room is being filled has a demand problem, not a product one.

The strategy is to compete on being known and preferred before the buying process begins. In a considered purchase, with a buying group of a finance lead, an operations lead and a technical evaluator, the supplier that is already familiar enters with an advantage no amount of in-process activation spend can buy. That advantage is what the brand half of the plan builds, and it carries a measurable test: whether fully-loaded acquisition cost falls.

What each channel is for

Part One established that allocation is inverted relative to return. The correction gives each channel a defined role and funds the roles in proportion to what they contribute. The channels that build durable memory return the most and are funded up; the channels that rent attention return the least and are funded to capture existing demand and no more.

TABLE 9

Each channel's modelled return, its assigned role, and the direction of funding.

CHANNEL	RETURN	ASSIGNED ROLE	DIRECTION
Earned / PR	0.75:1	Build brand and memory (long-term preference)	Increase
Content / SEO	0.70:1	Build brand and memory (long-term preference)	Increase
ABM / outbound	0.62:1	Build brand and memory (long-term preference)	Reduce
Other	0.54:1	–	Increase
Partnerships	0.48:1	–	Increase
Paid social	0.46:1	Capture demand (reach people already looking)	Reduce
Paid search	0.46:1	Capture demand (reach people already looking)	Reduce
Events / field	0.43:1	Capture demand (reach people already looking)	Reduce

Returns are modelled from each channel's role and share of spend, calibrated so the spend-weighted average equals the blended 0.53 : 1. They rank the channels; they are not independently observed per-channel ratios.

What marketing controls, and what it refers to the board

Four levers move the ratio. Marketing holds one outright and refers the other three to the board, on the grounds that the capital position cannot be entirely corrected without them but that marketing has neither the authority nor the remit to move them.

TABLE 10

Marketing owns Promotion in full and refers the remaining three levers to the board.

LEVER	EFFECT ON THE RATIO	HELD BY	THIS STRATEGY
Promotion	Lowers acquisition cost	Marketing	Acts in full
Price	Raises lifetime value	Finance	Refers to the board
Product	Raises lifetime value	Product	Refers to the board
Place (route to market)	Lowers acquisition cost	Commercial	Refers to the board

The three referred levers bear principally on the segment and route findings in Part One.

The plan

The actions that execute the strategy, with owners and expected effect.

The plan has two halves. Activation addresses where demand is bought and from whom, and produces its effect within the year. Brand addresses the underlying cost of demand, and produces its effect across years. Each action is traced to the finding that produced it.

Activation: where demand is bought, and from whom

Activation at Northwind Systems is not short of budget; it is short of direction. The same spend is redirected to produce fewer but higher-value customers rather than more customers at the same loss.

ACTION A1

Concentrate acquisition on the segments that return.

Halt paid acquisition into SMB and hold the segment for renewal and expansion only. Redirect that demand toward the segments that return, and re-point account-based activity so it addresses named accounts within them exclusively.

This is not a reduction in growth ambition; it is the same budget aimed at customers who return more than they cost. New-logo count may fall in the first two quarters, which should be planned for rather than treated as underperformance, and is why the measurement change at A5 must land alongside this action rather than after it.

Answers **F4** and **F6**. Serves the where-to-play strategy. Owner: CMO. Budget: existing.

ACTION A2

Reallocate the channel mix to the defined roles.

Reduce the rented-capture channels and increase content and earned media, in line with the channel roles set out in the strategy. The reallocation is set out in full in Section 11, staged across the year and re-tested each quarter before the next increment is released. Freed budget is reintroduced only where it demonstrates a return at the new level of spend.

Answers **F1** and **F4**. Serves the channel roles. Owner: CMO. Budget: existing.

ACTION A3

Match demand volume to what sales can convert.

Cost per won customer replaces lead volume as the operating measure for activation. Where demand exceeds what sales can convert, the surplus inflates cost per won customer without producing revenue. The flow to the highest-value segments is protected and only waste is removed; marketing agrees this with sales leadership before the reduction begins.

Answers **F3** and **F4**. Serves the channel roles. Owner: CMO. Budget: existing.

TABLE 11

The activation actions that release capital within the first year.

ACTIVATION ACTION	ANSWERS	FIRST-YEAR EFFECT
Halt SMB acquisition spend; hold for retention	F6	+ £417,769
Reallocate channel mix to earned and content	F1	+ £46,889
Re-point account-based activity to the best-fit segments	F6	Acquisition cost down
Replace volume measures with cost per won customer	F3	Enables the above

Effects are first-year and modelled from the segment shortfall (halt) and the reallocation of the existing budget toward higher-returning channels. They are not fully additive.

Brand: the underlying cost of demand

Brand does not move the ratio next quarter. It lowers the cost of every quarter after it. Where recognition is weak, the cost shows up as a premium on every customer won. The action here is to build the asset that removes it.

ACTION A4

Rebuild the brand position.

Lead with earned media and content, the channels already returning highest in the mix and the ones that build durable memory. Build distinctive, owned prominence that keeps working after spend stops, move the mix from rented reach toward owned and earned across the year, and re-test brand share against the ratio each quarter. The governing rule is marketing's protection: advance the brand share only while the marginal pound of brand lowers acquisition cost by more than the marginal pound of activation would.

Answers **F1**. Serves the how-to-win strategy. Owner: CMO. Budget: separate case.

IMPLICATION

The activation half of the plan is self-funding and reaches break-even on its own. The brand half is what carries the ratio beyond break-even toward a healthy 3:1. Presenting them as one request would make an affordable, available correction contingent on a harder investment decision, which is why Sections 11 and 12 separate them.

Timeline and budget

The year-one operating plan, the staged path, and the existing budget redirected.

Year one is an operating plan with a single goal: reach break-even at 1:1 using reallocation alone. The brand rebuild begins in the same year but is not expected to contribute materially until the second, and the plan is sequenced so that nothing in year one depends on a board decision.

TABLE 12
Activation is re-pointed in the first half; the brand rebuild begins underneath it and continues.

WORKSTREAM	TYPE	Q1	Q2	Q3	Q4
Protect best-fit demand	Activation · A1				
Halt laggard acquisition	Activation · A1				
Reallocate channel mix	Activation · A2				
Re-base measurement	Governance · A5				
Brand rebuild	Brand · A4				
Owned prominence	Brand · A4				
Price / product / route review	Board decision				

Marketing-owned workstreams proceed on approval of this plan; the brand workstreams compound beyond year one. Board decisions are shown for sequencing and are not committed by this plan.

The three-year path

Three phases carry the ratio from 0.53 : 1 toward 3:1. These are goals rather than commitments, and each phase advances only as the measured ratio confirms the previous one.

TABLE 13

Only the first phase rests wholly within marketing's control.

ACTION	OWNER	EFFECT
Phase 1 · Year 1 · Halt the shortfall · 0.53 : 1 to 1.0 : 1		
Halt SMB acquisition; hold for retention	Marketing	+ £417,769
Reallocate channel mix to earned and content	Marketing	+ £46,889
Re-point account-based activity to best-fit segments	Marketing	Acquisition cost down
Replace volume measures with cost per won customer	Marketing	Enables the above
Phase 2 · Year 2 · Establish sustainability · toward 2.0 : 1		
Advance the brand rebuild; lift brand share from 15% to 27%	Marketing	Acquisition cost down
Review cost to serve and price on the weakest-margin tier	Board	Lifetime value up
Re-test the ratio at quarter close before advancing	Marketing	Validates
Phase 3 · Year 3 · Establish the return · toward 3.0 : 1		
Brand asset compounds as owned reach grows	Marketing	Acquisition cost down, sustained
Review route to market	Board	Acquisition cost down

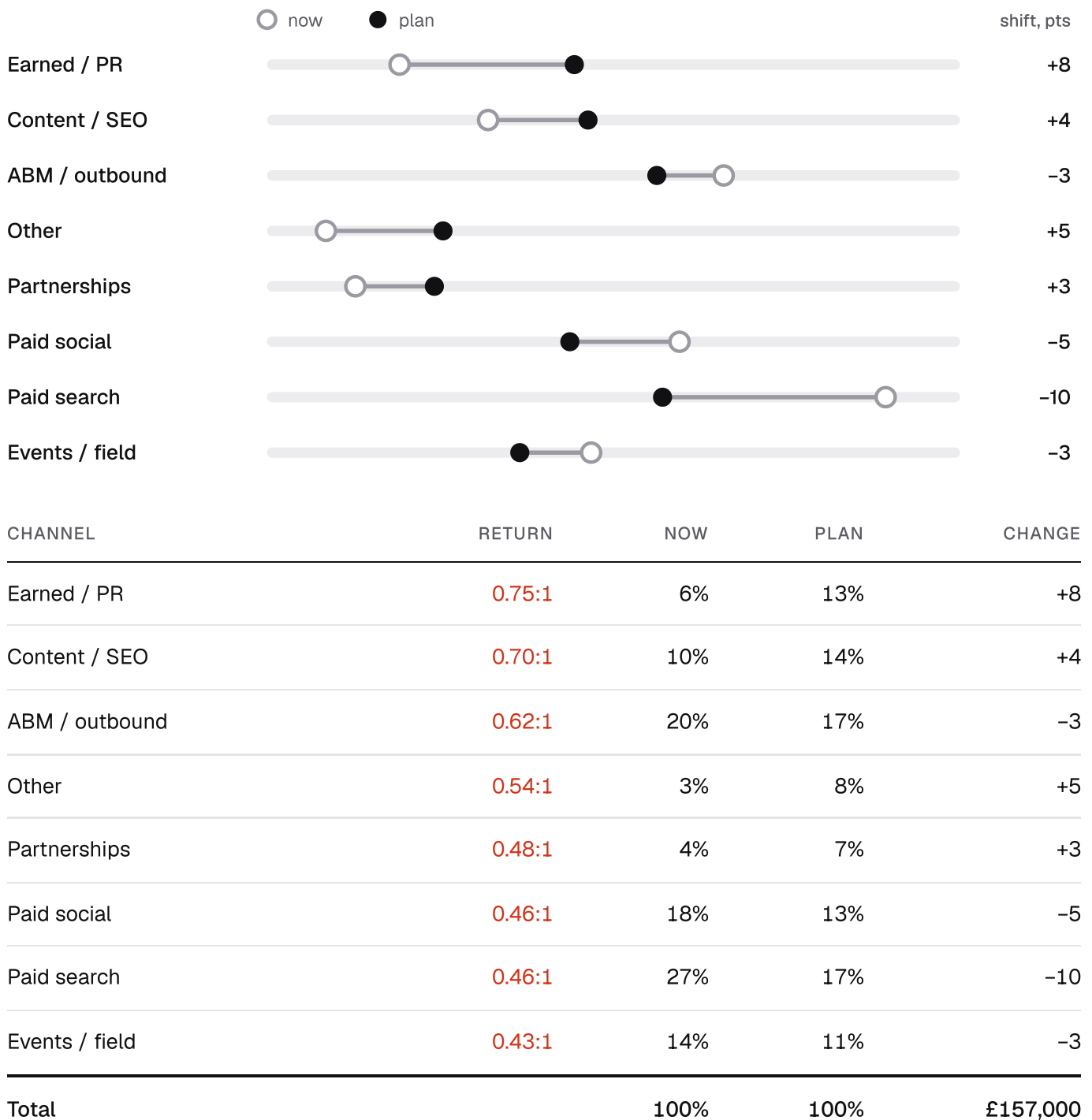
Marketing owns Promotion in full. The board decisions on price, product and route to market are surfaced by marketing and decided by the board.

The channel reallocation

This section asks for no additional money. It redirects the budget already in place, moving spend from the channels that return least to those that return most, and shifting the balance between activation and brand by a measured first step funded entirely from activation efficiencies. The total is unchanged at £157,000.

FIGURE 6

The same £157,000, redirected from the weakest channels to the strongest.



Reallocation raises the share of budget held in channels returning above 0.60:1 from 35% to 44%. The shift is staged across the year and re-tested quarterly rather than applied in a single step. Returns are modelled from the channel roles set out in the strategy.

The balance between brand and activation

Within the same total, the brand and owned share moves from 15% to 27% in year one, funded by the activation efficiencies and not by new money. The market reference is shown for direction only.

TABLE 14

Year one takes a measured first step, funded from activation efficiencies.

POSITION	BRAND & OWNED	ACTIVATION
Today	15%	85%
Plan, year 1	27%	73%
B2B market reference	42%	58%

Brand and owned as a share of total marketing spend, with activation the remainder. Market reference from Binet and Field, shown as direction of travel rather than as a target.

The brand case, held separately

The brand case, held as a separate decision.

This is the only request in the plan for money above the existing budget, and it is presented separately and deliberately. It should be considered after the reallocation in Section 11 has been given two to three quarters to demonstrate a measured response, not alongside it.

Why the case is separable

The reallocation reaches break-even on its own. The brand investment is what carries the ratio from break-even toward a healthy 3:1. Combining the two into a single approval would make an affordable and immediately available correction dependent on a harder decision about new money.

There is a second reason for the separation. By the time this decision is due, the reallocation will have produced evidence. If the efficient channels hold their returns at higher spend, the case for brand strengthens materially. If they do not, the board should know that before committing further funds.

What the investment recovers

The brand premium, the cost of opening every relationship cold, has not yet been quantified for Northwind Systems. Once set with the finance team, the case is constructed as the recovery of that existing cost rather than as a bid for incremental growth, and the investment is sized to the magnitude of the premium it removes.

How the investment should be judged

Not on brand awareness, recall or share of voice, though those may be tracked as leading indicators. The investment is judged on whether fully-loaded acquisition cost falls. That is measurable directly, quarterly, through the same diagnostic that produced this plan. Investment in brand is warranted up to the point at which the next pound spent on brand lowers acquisition cost by less than the next pound spent on activation would.

THE DECISION IN ONE LINE

The brand decision is whether to redirect the premium already being paid on every customer won, in the form of inflated acquisition cost, onto a line where it builds an asset instead.

Measurement and ownership

Measurement, ownership, and the cadence that holds the gain.

The gain from this plan holds only while the measurement holds. Part One established that the condition arose in the absence of a measure and was sustained by measures that rewarded the behaviour causing it. Correcting that is the mechanism that prevents the position recurring.

ACTION A5

Re-base measurement on the capital outcome.

Marketing continues to report the operating measures it recognises and controls. What changes is that each is read against the question that determines the capital result: does it lower acquisition cost, or does it raise lifetime value. Above these sit three capital measures that marketing stewards jointly with finance.

Answers **F1** and **F3**. Serves the objective. Owner: CMO / CFO. Budget: existing.

TABLE 15

Marketing owns the operating measures and stewards the three capital outcomes.

MEASURE	BEARS ON	POSITION AND GOAL
Capital outcomes · stewarded with finance · reported to the board		
CLV:CAC ratio	The capital result	0.53 : 1 · goal 1:1 in year one
Capital Burn Velocity	The capital result	–£54.3k / mo · goal positive
Acquisition payback period	The capital result	39 months · goal falling
Operating measures · owned by marketing		
Brand & owned share of budget	Lowers CAC	15% · goal 27%
Efficient-channel share	Lowers CAC	35% · goal 44%
Paid dependence	Lowers CAC	59% · goal 41%
Best-fit segment share of new business	Raises CLV	Enterprise first · goal rising

Marketing is steward rather than sole owner of the capital outcomes. Price, product and cost to serve are held by the board, and the ratio cannot be fully corrected by marketing acting alone.

ACTION A6

Assign ownership, and set the cadence.

Three commitments make the measurement durable. A named executive owns fully-loaded acquisition cost and reports it. The diagnostic is re-run quarterly so the ratio and the burn velocity are tracked on a consistent basis. Finance and marketing agree a single shared definition of acquisition cost and lifetime value, so the two functions cannot report different numbers for the same thing. The output is one board-ready page each quarter, stated in the language capital is allocated in.

Answers **F1**. Serves the objective. Owner: Board. Budget: none.

The function behind the ratio

The plan assumes execution by the team that supplied the intake: a marketing function of 6 full-time equivalents, led by a VP Marketing reporting to the CEO, supported by Agency for creative Agency for PR. The reallocation needs no additional headcount. It needs the existing time to follow the new roles rather than the old volume targets, since the time released from paid acquisition is what funds the effort behind the brand rebuild at A4.

Executing this

This document contains the findings, the strategy, the reallocation model, the staged path and the measurement framework. That is everything an in-house team needs to run it, and nothing further is required in order to act on it.

Where a business would rather the recovery were led than handed over, that is a separate conversation.

The read-out

What it means and why it matters.

The headline number will sting, so it is worth being clear about what it does and does not say. This is not your cash burn, and it is not your runway. It is the rate at which one engine, the way you currently win customers, moves capital off the table. At 0.53 : 1 it is below the line where a customer pays back what it cost to win them.

The part I would sit with is the reported view. On the numbers you were looking at, a 17-month payback and something close to 2.0 : 1, you were right to feel the engine was healthy. There was nothing careless about it. The cost was understated because it left out the people and the time, and the value was overstated because it was read on revenue. Correct both and the picture turns over. Each convention was ordinary and defensible on its own terms; they simply compounded, and all pointed the same way.

If I were deciding where to start, it would not be a cost-cutting exercise. It would be the SMB book, because that is where the money is going fastest, and the brand point, because that is the one lever that lowers the cost to win everywhere at once. Growth is not the enemy here. Growth on these economics is. Get the engine above 1:1 first, then it is worth pouring fuel on.

None of this needs to be acted on today. It needs to be seen clearly, by you and by whoever holds the capital. That is what this is for.

Alan Edwards

The Marketing Blind Spot

Method and assumptions

The conventions on which the analysis is built.

CAC basis	Fully loaded, acquisition only: media and programme, the acquisition share of salary cost, business development, and technology. Retention costs are held out throughout.
CLV basis	Net, margin-based: gross margin less cost to serve, discounted to present value.
Discount rate	10%, per finance policy; applied to future margin.
Cost to serve	0% of gross margin: support, success and infrastructure attributable to keeping a customer.
Tenure	2 years blended, from cohort retention; varies by segment.
Capital Burn Velocity	$(\text{loaded CAC} - \text{net CLV}) \times \text{new customers per month}$, annualised; pivots on the 1:1 line.
Payback basis	Loaded CAC divided by monthly gross margin, before cost to serve and before discounting. This is deliberately a different basis from the CLV calculation, and is the convention finance teams recognise; it is why the payback and the ratio read on slightly different terms.

All figures are computed from the inputs supplied and reconcile to them. A live report is built from the business's own systems and validated with its finance team, so that the result is one the board will accept as documented fact rather than estimate. The directional conclusions, not the decimal places, are what the method is for. Prepared by Alan Edwards under the basis of preparation set out at the front of this report.

Glossary

The six terms this report relies on.

Fully loaded CAC.

What it costs to win one new customer with every cost included: media and programme, the acquisition share of salaries, business development, and the technology that supports it. Retention costs are held out.

Net CLV.

What a customer returns across their life, measured on gross margin rather than revenue, after the cost of serving them, and discounted to what that money is worth today.

Cost to serve.

Support, customer success and infrastructure attributable to keeping a customer, expressed as a share of gross margin.

Discount rate.

The rate at which future income is reduced to present value, so money arriving in three years is not counted as equal to money arriving now.

Capital Burn Velocity.

The rate at which the acquisition engine moves capital off the table, calculated as the per-customer gap multiplied by the rate of acquisition. It is not total cash burn and it is not runway.

First-touch attribution.

Crediting an opportunity to the channel that started it, rather than sharing it across every channel the buyer encountered. Used for allocation decisions because shared credit double-counts.

Tables and figures

Every numbered exhibit in this report, in order.

TABLES

Table 1	Three headline measures, each below the line that preserves capital.
Table 2	The scorecard: six outputs, each tied to a decision.
Table 3	Inputs, trailing twelve months, with retention held separate from acquisition.
Table 4	The per-customer gap carried through to an annual rate.
Table 5	Unit economics by segment.
Table 6	Position against benchmark.
Table 7	The staged path from today toward a healthy ratio.
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Table 9	Each channel's modelled return, its assigned role, and the direction of funding.
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Table 14	Year one takes a measured first step, funded from activation efficiencies.
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FIGURES

Figure 1 Reported against measured: four headline figures, each on its own scale.

Figure 2 What it really costs to win a customer: reported CAC bridged to fully loaded.

Figure 3 From revenue to net present value: the lifetime value build.

Figure 4 Marketing-sourced pipeline: claimed against first-touch verified.

Figure 5 Where the ratio sits, against break-even and healthy.

Figure 6 The same £157,000, redirected from the weakest channels to the strongest.
