8 Money Numbers Owners Must Know

THE BIG IDEA

You don't have to be good at math. You do have to be good at money math. A handful of numbers tell you what a customer is worth, what one costs you, and how big your business can get.

Part 1: What a customer is worth

Know what comes back for every dollar you spend.

01 **Lifetime gross profit.**
How much profit you make from each customer over the whole time they stay with you. Not one sale, the full relationship.

02 **Cost to get a customer.**
The total cost to get one person in the door: marketing, sales, commissions, everything together. One number.

03 **Profit per dollar spent.**
Divide lifetime gross profit by the cost to get a customer. For every dollar you spend, how much comes back? It may be your most important number.

04 **Payback period.**
How quickly you get your money back after you win a customer.

Part 2: How big you can get

These show where growth slows down if nothing changes.

01 **Churn.**
Of the customers you had at the start of the month, how many are still there 30 days later? The ones who left are your churn.

02 **Return on invested capital.**
What it costs to expand the business and keep making money, and what you get back for it.

03 **New customers times lifetime profit.**
Multiply how many customers you add each month by what each is worth. If nothing changes, this shows where the business levels off.

04 **New customers divided by churn.**
Divide customers added per month by the share you lose per month. That's the most customers you'll ever be serving.

> “You can suck at math, but you can’t suck at money math.”
>
> Alex Hormozi

DO THIS WEEK

- ☐ Add up last month's marketing and sales spend. Divide by new customers.
- ☐ Estimate the profit a typical customer brings in over the time they stay.
- ☐ Count how many customers you started last month with and how many are left.

Ask weekly: For every dollar we spent winning customers, how much came back?

Source: Alex Hormozi, *Instagram*, “12 numbers every entrepreneur needs to know”