



Your CAC Is Probably **2–3x** **Higher** Than You Think

Most founders calculate Customer Acquisition Cost the easy way — and get it dangerously wrong. If you're making growth decisions based on an incomplete CAC, you're scaling blind.

BY ROD LOGES · APRIL 2026

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REAL STORY

The Founder Who Thought His CAC Was **\$1,200**

What He Calculated

Marketing spend ÷ new customers = **\$1,200**. Clean math. Gave him confidence to scale aggressively.

The Real Number

Fully loaded cost = **\$3,400**. He was burning cash at nearly **3× the rate** he thought.

At \$1,200, his growth plan made sense. At \$3,400, the math broke — more spend just meant bigger losses, faster.

Why the Simple CAC Formula Fails

Most founders include ad spend and maybe content costs, then divide by new customers. Here's what they leave out:

→ **Sales team time**

Fully loaded compensation for every call, demo, follow-up, and proposal

→ **Tools & software**

The entire sales stack, not just ad platforms

→ **Demo & trial costs**

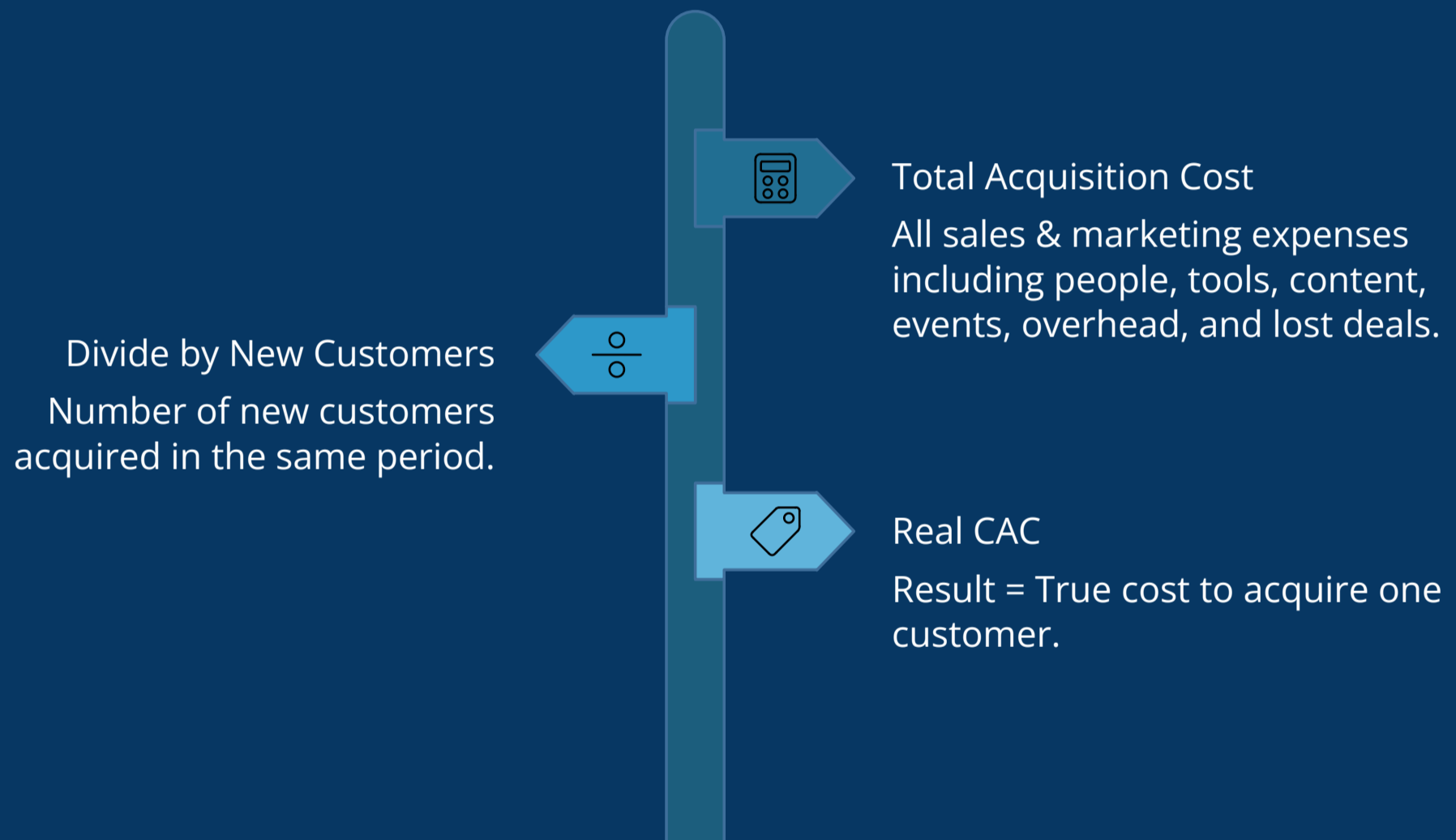
Infrastructure to support free trials or pilot programs

→ **Deals that didn't close**

Weeks of time and energy on lost prospects still count — spread across customers who did convert

THE FORMULA

How to Calculate Your Real CAC



No shortcuts. No leaving out the uncomfortable line items. Every hour your sales team spends on a prospect who doesn't convert is still a cost of acquisition.

CAC Alone Tells You **Almost Nothing**

You must pair CAC with Customer Lifetime Value (LTV) to know if your growth is working.

LTV Formula

Avg. revenue per customer/year × avg. customer lifespan – cost to serve = **Real LTV**

The 3:1 Rule

LTV should be **at least 3× your CAC**. Below that, you're either acquiring too expensively or losing customers too fast.

The Warning

A \$3,400 CAC is **fine** if LTV = \$30K. It's a **disaster** if LTV = \$4K. Get it wrong and you disadvantage yourself and your investors.

Break CAC Down by Channel

Your blended CAC might look acceptable — but it can mask serious problems. One channel may generate customers cheaply while another burns cash at 4–5× the cost.

Blended CAC

Averages all channels together. Can hide inefficiency behind strong performers.

CAC by Channel

Reveals which channels to invest in and which to shut down — even the ones you're emotionally attached to.

Founders who scale well know the number for **every channel** and make allocation decisions based on those numbers.

BEYOND CAC

Track the Indicators That Predict Revenue

Revenue is a lagging indicator. It tells you what already happened, not what's about to happen. If you only watch revenue, you're always reacting.



Pipeline Coverage

Shows what's coming before it hits your revenue line



Conversion Rates by Stage

Pinpoints where deals are stalling or falling out



Sales Cycle Length

Tracks efficiency and forecasts cash timing

What to Do When Your Real CAC Is **Too High**

When founders see their real CAC for the first time, panic is the usual reaction. Don't let that push you into cutting everything. A bad number is better than no number — now you can fix it.

01

Isolate the problem channels

Find which channels are driving the high cost

02

Fix conversion before adding spend

Activity is not results — optimize before scaling

03

Kill underperforming channels

Even the ones you're emotionally attached to

04

Re-run the math quarterly

Markets shift, channels mature, competition changes your economics

CAC Essentials: FAQ

What's a good LTV:CAC ratio?

At least **3:1**. Below that, you're spending too much to acquire or losing customers too fast — fix before scaling.

What is payback period?

How long to recover CAC from a customer's revenue. In SaaS: **12 months** is strong, 18 months is acceptable. Longer requires significant cash reserves.

How often should you recalculate?

At minimum, **every quarter**. Founders who track consistently catch problems early. Calculate once and forget at your peril.

Your Challenge This Month

1 Calculate your real CAC

Include sales team time, tools, overhead, and deals that didn't close. Be ruthlessly honest.

2 Pair it with LTV

Is your ratio 3:1 or better? If not, you know where to focus first.

3 Break it down by channel

You'll find one or two channels doing the heavy lifting — and others just adding cost.

- ☑ That analysis will tell you more about the health of your growth engine than a quarter's worth of revenue reports. **Share this** with a founder who needs to see their real number.

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