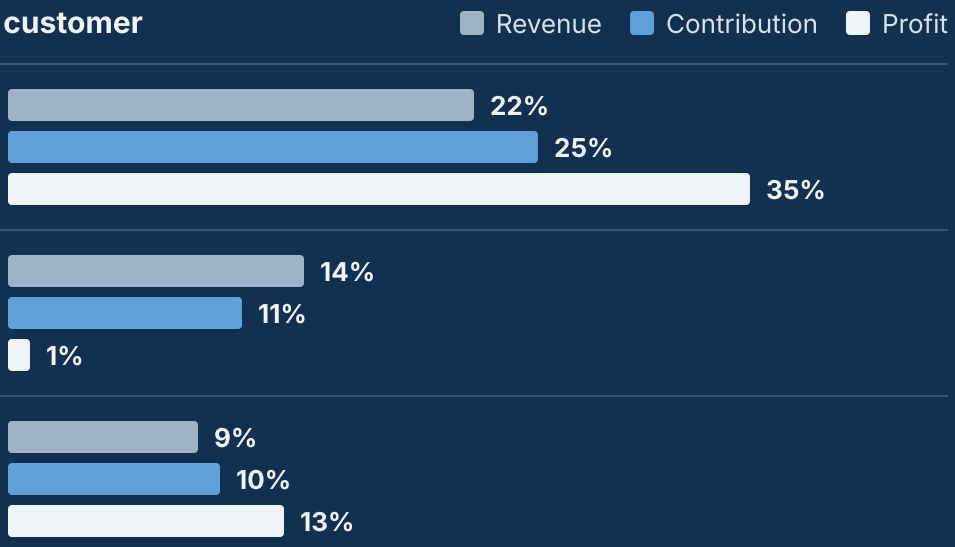
One customer, 22% of revenue, 35% of the profit.

Three important customers make up 45% of this fictional MSP's revenue. Side by side, revenue, contribution and profit tell three different stories about each of them.

Share of the company, by customer



Together: 45% of revenue, 46% of contribution, 48% of profit. The other 57 customers: 55%, 54%, 52%. Company: revenue $5.0M, contribution $2.0M, profit $0.4M (8%).

$490K

from Account A, against $400K profit for the whole company

Overhead is paid from every customer's contribution, so profit is what is left. A 5% price change on A is worth about $55K, or 14% of profit.

$119

revenue per delivery hour on Account B, against $142 for the company

B takes 17% of delivery labor for 14% of revenue. A 5% price change there is worth about $35K a year.

7 months

until Account A renews, with 90 days' notice

The window to prepare opens in about four months. Account B has one person at the customer who knows us.

Contribution = revenue minus delivery labor, tools and licenses. Profit = contribution minus overhead, which is allocated here by revenue share; that is a choice, not a fact. All figures are assumptions. See page 2.

Four situations that change the picture

The renewal clock

Account A renews in 7 months with 90 days' notice. What would you want to know six months ahead?

The customer changes hands

An acquisition, or a new COO, CFO or IT director. If one person there knows you, who else would be at the table?

The price hasn't moved

No escalator, and costs are up since the last change. How does its revenue per hour compare with the rest of your book?

The quiet drain

A customer that takes more hours than its share of revenue, like Account B. Is it scope, price or the environment?

Ask yourself about your own top three

Nothing to enter anywhere. Some of these you will know right away and some you would have to look up. Those are often where a focused review would start.

1. What share of your profit, not revenue, comes from your largest customer?
2. When is the next renewal or notice date? When should that conversation start?
3. How many people there know you? Would any be at the table if it changed hands?
4. When did the price last change? Is there an escalator?
5. What do you owe vendors for this customer that would stay if it left?
6. How many delivery hours does it take, compared with its share of revenue?

What a focused review looks at

A focused review puts each important customer's financial, contract and service information in one view, to help you understand, protect and strengthen the relationship. You would leave with what it contributes, the dates and terms that matter, and questions to take to the customer.

What it asks of you

A short conversation comes first, about 30 minutes, to see whether a review would help. If it would, we use reports you already have, such as your PSA export, P&L and customer agreements, shared under a confidentiality agreement.

If any of this sounds familiar, the next step is a conversation. Real numbers are shared only after a confidentiality agreement, and only if you want to.

Bob Dolce · bob@rdolcegroup.com · 847-226-2983 · or message me on LinkedIn

Illustrative example. A fictional company, not a real client. Terms and the $62 loaded labor cost per hour are assumed.