

THE PLAYBOOK

The Profitable Growth Playbook **for** **Shopify**

The three numbers to know before you put another dollar into ads.

FOR SHOPIFY BRANDS DOING OVER \$1M A YEAR

WHO THIS IS FOR

You've built a real business. So why does growth still feel like guessing?

This is for Shopify founders doing over \$1M a year, around \$80K a month and up. You've got product-market fit and consistent sales. Someone runs your Meta ads. You've got a bookkeeper or an accountant. It's a real operating business.

And you're still the one carrying the growth decision. The questions sound like this:

Can I afford to spend more?

Why is cash still tight?

Are the ads actually profitable?

Which products should we push?

How much stock can I afford?

What should we do next?

By the end of this playbook you'll know the three numbers you need before you put another dollar into ads:

1. What you keep

What's actually left after every cost of making and selling.

2. What a customer can cost

What you can afford to pay for a new customer.

3. What you can spend

How much ad spend the business can realistically carry.

The goal isn't more metrics. It's better growth decisions.

01 / THE REAL PROBLEM

You can have every tool and still be deciding with half the picture.

You can have a media buyer, an accountant, a bookkeeper and a \$1M-a-year store, and still be making your biggest growth decisions with incomplete information. Each tool shows you one piece.

SHOPIFY

Shows what you sold.

META

Shows what the platform thinks your ads drove.

YOUR ACCOUNTANT

Shows what happened last month, after the fact.

None of them connects the pieces into a decision. To decide how hard you can grow, you need to see these together:

Revenue + margin + what a customer costs + stock + cash + ad spend

Managing Meta and managing profitable growth are not the same job.

Your media buyer can get the ads performing. But someone still has to decide how much you can afford to spend, on what, and when to pull back. For most founders, that job is still landing on them.

02 / NUMBER ONE

What do you actually keep?

This number answers one question: after you've made the product, shipped it and paid to get the customer, how much money is left to run and grow the business?

Revenue	\$100,000
Less product costs (COGS)	-\$20,000
Less shipping and fulfilment	-\$7,000
Less payment fees, discounts and refunds	-\$3,000
Less advertising	-\$20,000
What's left (before running costs)	\$50,000

Same revenue. Completely different business.

	BRAND A	BRAND B
Revenue	\$100,000	\$100,000
Product costs	-\$20,000	-\$35,000
Shipping and fulfilment	-\$7,000	-\$10,000
Fees and refunds	-\$3,000	-\$4,000
Advertising	-\$20,000	-\$30,000
What's left	\$50,000	\$21,000

Both founders would tell you they did \$100K. One has \$50K to run the business, pay the team and fund the next stock order. The other has \$21K. Shopify shows them the same number.

Example figures are illustrative.

03 / NUMBER TWO

What can you afford to pay for a new customer?

There's a difference between what you *can* pay and what you *should* pay. Break-even is the most you can pay for a new customer without losing money on the first order. Your target should usually sit well below it.

Average order value	\$200
Less product and fulfilment costs	-\$60
Available before you pay to acquire the customer	\$140

Pay \$100 per customer

\$40

left per new customer

Pay \$50 per customer

\$90

left per new customer

Same customer. Same revenue. Completely different business. Technically you could pay up to \$140 and not lose money. That doesn't make \$140 a growth strategy.

What should set your target

- **Margin.** The more each order leaves you, the more you can pay.
- **Repeat purchase.** Pay more only if you know customers come back, and how fast.
- **How much profit you want.** First-order profit or longer payback is a choice. Make it on purpose.
- **Growth stage.** Pushing hard for market share is a different target from protecting profit.
- **Cash.** A longer payback needs cash to carry it in the meantime.

04 / NUMBER THREE

How much ad spend can the business carry?

The usual answer is "spend 10 to 20% of revenue." It's easy to remember and it ignores almost everything that matters. The right budget depends on:

Your target cost per new customer

What each order leaves you after costs

Cash available right now

Stock to fulfil the extra demand

Creative capacity to feed the ads

Demand and repeat purchase

The next dollar isn't worth the same as the last one

As you spend more, each extra customer usually gets more expensive.

Using the \$140 example from the last page:

SPEND	COST PER CUSTOMER	NEW CUSTOMERS	LEFT AFTER ADS
First \$5K	\$60	~83	~\$6,670
Next \$10K	\$85	~118	~\$6,470
Next \$20K	\$130	~154	~\$1,540

The last \$20K buys the most customers and leaves the least money.

Revenue goes up. Profit barely moves. More advertising doesn't automatically mean more profitable growth.

Illustrative numbers. Your curve will differ, which is the point: you need to know where yours bends.

05 / THE DECISION

Can I scale?

Once you know the three numbers, the weekly decision gets simple. It's one of three.

SCALE

Cost per new customer is below target

What you keep is healthy

Stock is available

Cash can support more spend

Creative is working

HOLD

Cost per new customer is acceptable

But stock, cash, creative or operations are the limit

Fix the constraint, then scale

FIX FIRST

Cost per new customer is above target

What you keep is shrinking

Cash is tightening

Stock is wrong

Conversion is weak

Sometimes the right growth decision is spending more. Sometimes it's fixing the thing that makes more spend unprofitable.

FIX doesn't always mean the ads. It might be the offer, the product page, what the first order is worth, or the stock plan. Don't treat every growth problem as an ad problem.

06 / WHY PROFITABLE BRANDS STILL FEEL BROKE

Profit and cash are not the same thing.

A Shopify brand can look profitable on paper while the cash is tied up somewhere else:

- | | |
|-------------------------------------|-----------------------------|
| ■ Inventory | ■ GST and tax |
| ■ Supplier deposits | ■ Photography and creative |
| ■ Shopify or PayPal loan repayments | ■ The next product launch |
| ■ Advertising, paid up front | ■ Stock for the next season |

Growth consumes cash before it creates cash.

Here's how a record month still leaves the bank account uncomfortable. You pay for stock months before you sell it. You pay for ads before the orders land. A loan repayment comes out of every payout. Then a big month means a bigger reorder, paid before the next month's sales arrive.

None of that shows up as a loss. It shows up as a founder who just had their best month and is nervous every time a big bill lands.

07 / WORKSHEET

Work out your three numbers

Use last month. Pull the figures from Shopify, your ad accounts and your bookkeeper.

A. Monthly revenue	\$	E. Refunds	\$
B. Product costs (COGS)	\$	F. Ad spend	\$
C. Shipping and fulfilment	\$	G. New customers	#
D. Payment fees	\$	H. Average order value	\$

1

What you keep

$A - B - C - D - E - F$. Then divide by A for your margin.

2

What a new customer costs you now

$F \div G$

3

Break-even cost per customer

$H \times (1 - (B + C + D + E) \div A)$. The most you can pay on the first order.

4

Your target cost per customer

A starting point: about 60 to 70% of break-even if you want profit on the first order.

Go higher only if you know customers come back.

What it's telling you

SCALE

Now (2) is below target (4), and cash and stock can carry more.

HOLD

Now (2) is between target and break-even (3), or cash or stock is the limit.

FIX FIRST

Now (2) is above break-even (3). More spend makes it worse.

08 / FOUNDER DIAGNOSTIC

If your store does over \$1M a year, can you answer these five?

- 1 What is your actual contribution margin, after ads?
- 2 What is your target cost per new customer?
- 3 What is the most you're prepared to pay for one?
- 4 How much more could you spend on ads next month without putting pressure on cash?
- 5 Which product should get the next \$10K of ad spend?

If those are hard to answer, you might not have an advertising problem. You may have a growth decision problem.

Someone might already be running your ads. But somebody still needs to run the growth decision.

That's the job I do for a handful of Shopify brands. I look after the ads and the numbers behind them, so the decision of how hard to grow isn't sitting on you alone. If you'd like a second pair of eyes on your numbers, send me a message.

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