

REVENUE CASCADE™

NEXT LEVEL REVENUE

Small Business Chief Revenue Officers

MARKETING FUNNEL? SALES PIPELINE?

If you're a B2B business, not having visibility to both your marketing funnel and sales pipeline is likely limiting your growth. And rarely, in the business stage between **\$1M** and **\$10M** in topline annual revenue, do you imagine having the ultimate diagnostic tool to helping you drive more profitable and predictable revenue into your business.

THAT'S WHERE THE REVENUE CASCADE™ COMES IN.

The Revenue Cascade is a simple visualization of your revenue stream. While you might understand portions of your sales pipeline (leads and closed deals), there's usually gaps in your visibility. Then there's that issue of connecting it to marketing efforts! This is where it usually breaks down.

Using simple math (percentage of drop-off), we can track how our broadest marketing efforts (awareness) flow from one cascade to the next stage all the way down to signed deals.

The stages (cascades) your business uses may have different names or vary slightly, but the goal is the same: attract new buyers and get them to purchase.



When our team serves as fractional Chief Revenue Officers, creating the Revenue Cascade is often our first task. While the concept is simple, building it is challenging. **We usually piece it together from incomplete CRMs, outdated process documents, and fragmented data. This groundwork is essential to drive revenue growth.**

WHAT'S THE **VALUE** OF A COMPLETED REVENUE CASCADE™?

Questions you'll be able to definitively answer with a Revenue Cascade™:

- ❓ How much does it cost to grow and generate new revenue?
- ❓ How much marketing and sales activity do we need to achieve our sales goals?
- ❓ How efficient are the marketing and sales efforts up to this point?
- ❓ Where do we have blockages preventing us from growing?
- ❓ With limited resources where we can have the biggest impact with our time/money?
- ❓ How long does it take to generate new revenue?



MOVING DOWN THE MARKETING FUNNEL INTO THE SALES PIPELINE:

I'll explain this from a B2B professional services perspective. Your stages and marketing funnel might differ slightly, as might the names you use. However, one thing is consistent: filling out a lead form doesn't mean a signed contract. We need to identify the right stages, interactions, and drop-off rates to turn this cascade into a revenue stream and map it to dollars.

LET'S DO A SIMPLE VERSION:

Most small business owners say, "We need more sales," and measure sales activity or website visitors to quantify this. In theory, more web visitors or activity should translate to dollars, but often it doesn't. What if there's a hole in your marketing funnel or sales pipeline? Pouring more "water" into a leaky funnel or pipeline means losing potential sales before they turn into revenue.

Let's say our measurements are:

Website Visitors = **1000/month**

Leads = **10/month**

Signed Deals = **1**

What do we fix first? Without the Revenue Cascade™, it's just guesswork. This is where poorly thought out marketing tactics and icky sales strategies seem like good ideas!

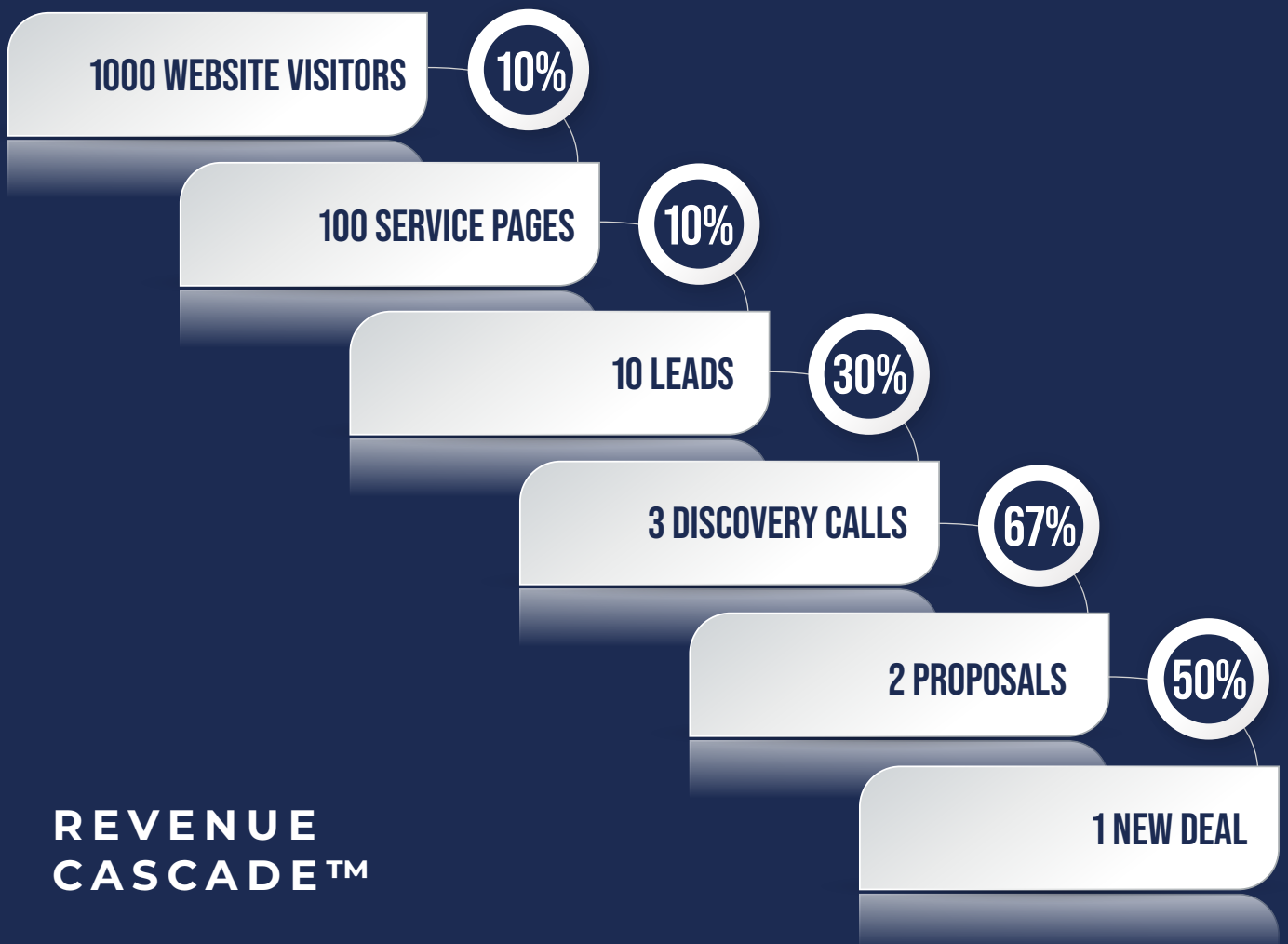
Without the Revenue Cascade™, you might take expensive gambles to grow revenue:

- ➔ Assumption: Assumption: A **10x** increase in web traffic should yield **10x** the deals.
 - Reality: Increasing the RIGHT visitors by **10x** is costly, and increasing traffic with the WRONG users is easy but ineffective.
- ➔ Assumption: We need more leads and pay-per-click advertising worked for a friend so it's a good idea.
 - Reality: If you think you can copy a chef's recipe and get the same results, you're surely mistaken! Does your friend have a fully baked strategy and PPC was the right tactic at the right time? Does their business model lend itself to PPC? Not all agencies are the same.
 - Cheap agencies often deliver poor results, spending money with little to show for it.
- ➔ Assumption: More sales activity means hiring a business development person to cold call.
 - Reality: When's the last time you responded to a cold call or bought from one? Likely NEVERuary?

Sound familiar to you? Until we can see each step of the cascade, trying to do more "marketing" or "get more leads" is a fool's errand. The Revenue Cascade helps answer these questions:

- ❓ Which Marketing and Sales tactics and Why?
- ❓ Where in the revenue stream do we insert them?

What if we had a simple version of the Revenue Cascade™, input last month's data, and we saw this:



Do you see the biggest opportunity? **The biggest opportunity isn't just to 10x the website visitors or get more leads. It's about finding the highest impact with the smallest lift that's realistically achievable.** Let's break this out into 3 scenarios.

Let's call this Scenario 1

The biggest opportunity is improving the dropoff from 10 leads to 3 discovery calls. 30% doesn't seem bad, until you realize that you've done the hardest part - generate the leads! Just 3 more leads scheduling a discovery, and all things being equal (and they usually are), you'll double your new deals. If you can get just 3 more leads to book a discovery call, you'll double your new deals. **Think about that.**



What does it take to move from 3 to 6? A simple tweak to a process, a more custom outreach, better calendar management, and a more urgent response. If your average lifetime value of a deal was \$36,000, **you could add nearly \$432,000 in net new revenue! No Marketing tactic. No new sales hire. Instant improvement in Revenue and Profit.**

But maybe you want to do it your way, let's talk about doubling our web traffic.

Scenario 2:

You decide do it your way and to focus on doubling your web traffic and spend a couple months and **\$10,000** to do it. Let's assume you've successfully doubled your flow of qualified (ie traffic that might buy your product) traffic and it costs you **\$20,000** to do it. Assuming everything stays equal (and it should if the traffic is of the same quality) you'll double your closed deals. And you'll find that **\$432,000** in new revenue. I'd argue this is a much slower path to ROI and a lower ROI. But okay, it worked.



Let's Look at Scenario 3:

Order of operations matters. Let's combine scenarios 1 and 2. Let's apply the approach where a CRO is delving into your sales funnel to optimize for lead to discovery call conversion. We know that if your sales funnel of the Revenue Cascade is optimized, then spending on marketing makes more sense. Doing it the reverse way leads to many lost opportunities.



As a result, you've increased your lead-to-discovery rate from **30% to 50%**. Web traffic growth doesn't happen overnight. As you increase from **1,000 to 2,000** visitors, each uptick in traffic increases the amount of signed deals, but since you've also optimized your lead to discovery conversion the cascade is more efficient and more of the top of funnel web growth is making it to your bottom line.



Sure, it's fractional, but that means that sometimes you'll close an extra deal, and other times you won't. However, over time, you'll find yourself closing extra deals more frequently until it becomes a consistent pattern. If it takes 6 months to double your traffic (still a big assumption), by optimizing the discovery call phase of the cascade, you've accelerated the growth you've poured into the top of funnel increase in web traffic, and you've accelerated your return on that investment. And it's not insignificant, at a deal value of **\$36,000** you're moving your return (and rate of payback) on investment up an extra **\$108,000** compared to scenario 2 and scenario 1! And all this just by understanding order of operations.

A Small Business Fractional Chief Revenue Officer using the Next Level Revenue Formula knows how to leverage the Revenue Cascade™ and other tools to lead your organization on a transformative journey to remarkable growth. We inspire owners and CEOs to think bigger, take bold actions, and ultimately elevate their success to the Next Level.

MAKE YOUR BUSINESS MORE PREDICATBLE & PROFITABLE



Your marketing efforts & results feel like a desert



Selling everything to anyone. CEO led sales.



Marketing & sales activity, with no growth or strategy

Chief Revenue Officer Impact

35%

Average
First Year
Revenue
Growth

200%

Top Line
Revenue
Growth After
Year 3

10x

Profit
Increases
Year Over
Year




SO WHERE DO WE START?

Most businesses start at sales and say “do more sales activity”. And if that doesn’t work “do more marketing”. Well without a Revenue Cascade, most businesses to some degree measure sales activity and/or website visitors.

Most Small Business owners simply state “we need more sales”. The question is where do we go to actually fix the problem? Invariably the answer is something to the effect of “more sales”, “more marketing” or “let’s try _____ tactic”. That’s not marketing and sales strategy. That’s the opposite. Using a tool like the Revenue Cascade gives you clear visibility into where the blockages in your funnel and pipes are, and allows you to surgically introduce optimizations and tactics to improve the flow. That will almost always lead to better outcomes.

Now thinking like a Chief Revenue Officer...

Right away you can see that the biggest dropoff is between stage 3 and stage 4. If this was your marketing and sales cascade and it took 1 million people to get 1 sale, you’d likely be out of business! What’s great about evaluating your marketing and sales using the cascade (and the rates) is it can give you instant visibility into “blockages”. Where there’s a big amount of dropoff from one level to the next.



For someone using the **Next Level Revenue Formula**, you just unlocked a potent diagnostic tool to understand where you can focus your efforts and improve.

I wish it was as simple to install in your business as I'm laying out. The concept is simple, but the implementation is not easy.

NEED A FRACTIONAL CHIEF REVENUE OFFICER TO BUILD THIS FOR YOU?

Summary

At Next Level, we believe deeply in the power of data and visualization. Data to make decisions that are based on reality not on it would be "nice" to hit that number. Marketing and Sales in the modern B2B environment is complex, visualization reduces the complexity and chaos around some of our most important efforts. It gives us the ability to see where the problems are, measure them, and then make more targeted changes to improve the entire system.

It's easy to force a Marketing + Sales leader to throw a big revenue number on the dartboard at a planning session. We want our Marketing + Sales leaders to be aggressive and go get that big number! **What's hard is to sit in the reality that the Revenue Cascade depicts.** The Revenue Cascade brings revenue goal setting into reality and predictability. This gives other leaders within the organization better ways to manage cash flow, hire/fire/train more effectively, and build their departments with less chaos. A healthy internal operational structure serves clients better. Serving clients better increases the efficiencies of marketing + sales.

This is why Fractional Small Business Chief Revenue Officers are on the rise. You can't build a small business team that requires both a full-time Marketing and full-time Sales leader (or expensive fractionals of both) with two different visions for the Revenue Cascade. All that time you spend on alignment between those two, could have been avoided by getting stuff done!



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