



Your Catalyst

- ▲ To Succeed you **MUST** Define your Unit Economics

Defining the Unit

Type of Business	Unit of Sale
Car Dealership	A single vehicle
Real Estate Agency	Sale of a house
Consultant	Retainer agreement, project agreement or billable hours.
Agriculture	Tons or Kg. of produce
Taxi	Average trip
Grocery Store	Average basket of goods
Restaurant	Average order
Hotel	1 night guest stay
Online business	User subscription

Defining the Unit

Basket of Goods

ARPU – A head count approach

Ancillary Business Lines

Think customer acquisition – buying decision



Your Catalyst

- △ When defining your unit of sale it is helpful to think in terms of the **customer's buying decision.**

Defining the Unit

Basket of Goods

ARPU – A head count approach

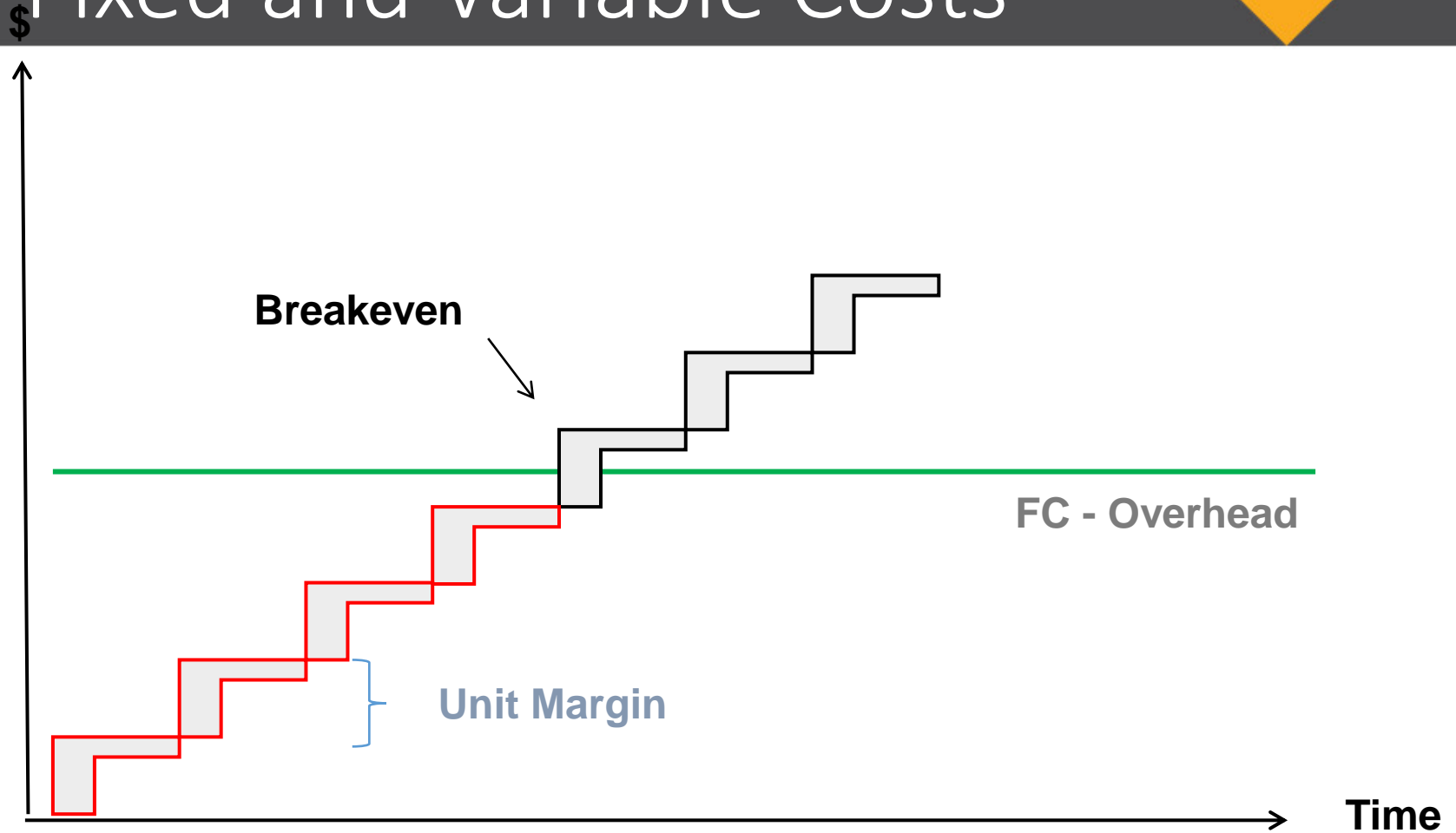
Ancillary Business Lines

Think customer acquisition – buying decision

Unit Economics

$$\begin{aligned} & \text{Unit Price} \\ & - \text{Unit Costs} \\ & = \text{Unit Margin} \end{aligned}$$

Fixed and Variable Costs



Breakeven

$$\frac{\text{Fixed Costs}}{\text{Unit Margin}} = \text{Breakeven in Number of Units}$$

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$$\frac{\$5000}{\$500} = 10 \text{ Units}$$

Unit Economics at Work

Average Cost (aka Cost Curve an economics of scale calculation). $\text{Avg. Cost} = \text{Total Cost} / \text{Units Produced}$

Forecasting: sales and cash flow projections.

Customer Acquisition Cost = $\text{Mktg. Exp.} / \text{New Customers}$

Unit Economics: Business Unit

- What is the logical reproducible business unit?
- ...And what are the associated economics?

Sona Med Spa Example

- △ Unit Economics at various levels in the organization



Your Catalyst

△ A well defined unit helps you identify a profitable price point and scale.