# LoftyBiz 080 — Customer Profit Sheet (v1)

**Fire Your Worst Customers: Customer Profitability and Red Flags**

*These are examples, not promises. General education, not financial or legal advice. Results vary. Currency USD.*

## What this sheet is for

Use this with the free Google Sheet so each customer shows paid sales, direct costs, hours and profit. Sort them into Keep, Fix and Let go. Then write a short red flag list so the wrong customers are less likely to get in.

## The profit check, in five steps

**Step one.** List every customer’s sales for the last twelve months. Not invoices sent: what was paid.

**Step two.** Subtract direct costs: materials, freelancers, couriers, anything spent only because of that client.

**Step three.** Subtract time. Hours × a simple cost per hour (wages and the studio or shop). This is the step most owners skip.

**Step four.** Rank and sort into three trays. Keep: good profit, fair to work with. Fix: decent clients with one bad habit. Let go: low or negative profit and no sign of change.

**Step five.** Fix with clear terms first (for example two rounds of revisions, a rush fee, payment within thirty days). Then let go politely, with notice, and never all at once.

## Worked example: Aiko, Osaka (examples, not promises)

Aiko runs a packaging and print design studio in Osaka, with seven designers and about forty business clients. Cost per hour about $45. A client paying about $2,000 a month but taking fifty hours was worth less than zero after time. Eight clients brought about 15% of sales but used about a third of the team’s hours. She changed terms for the Fix group; three accepted and became profitable. For five Let-go clients she gave sixty days’ notice. Over about six months, sales fell about 6% but profit rose by about $3,800 a month, and late nights dropped from most weeks to rare.

## Red flags, in five steps

**Step one.** Learn from your worst. List your hardest customers and write down what they had in common.

**Step two.** Write a short red flag list (eight questions is plenty) that the person who answers new enquiries can tick.

**Step three.** Set a rule. One or two flags: be clear. Three or more: politely pass, or quote a higher price with a larger deposit and firm terms.

**Step four.** Check current customers monthly against the same list.

**Step five.** Point your marketing at your best customers, and ask a few favourites for an introduction to someone like them.

## Worked example: Kouassi, Abidjan (examples, not promises)

Kouassi runs an event catering company in Abidjan, with twelve staff. He listed ten hard customers, wrote eight short questions, and set the three-flag rule. One corporate client paid ninety days late; he moved them to payment upfront. He aimed his website and price list at office lunches and corporate events. Over about eight months, late payments fell from about one job in three to about one in ten, and the average job rose from about $1,400 to about $1,900.

## This week

- List your top 30 customers
- Write last year’s paid sales next to each one
- Write direct costs (materials, freelancers, couriers, anything that leaves with the client)
- Write a rough count of hours and use your cost per hour
- Work out profit per customer (the Profit check sheet does this)

- Sort them into Keep, Fix and Let go
- For the Fix group, write clearer terms first (revisions, rush fees, payment days)
- If you let anyone go, do it politely, with notice, and never all at once
- Write five red flags from your hardest customer
- Share the list with whoever answers new enquiries

Keep the sheet in Systex so sales, hours and payment speed stay in one place. Systex is our own product: loftybiz.net

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