

Rainmaker Client Lifetime Value Worksheet

The formula for the Client Lifetime Value is:

$$\text{Margin} * (\text{Retention Rate} / (1 + \text{Discount Rate \%} - \text{Retention Rate \%}))$$

Your Retention Rate is $(1 - \text{Churn Rate \%})$. The following are typical Churn Rates. You can use these rates if you do not know your actual Churn Rates.

Expected Churn Rate Based On Separately Billed Services Provided	
Number Of Services	Churn Rate
10+	10.00%
7 - 9	12.50%
4 - 6	15.00%
2 - 3	17.50%
1	20.00%

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- 1: First, calculate your annual retention rate for clients, categorized by the number of separately billable services you provide. Your retention rate is the number of clients you are serving at the end of the year, who were clients at the beginning of the year. Do not include new clients who joined you during the year. (Example: On January 1, you had 100 clients. During the year, you signed up 20 new clients. On December 31, you still had 100 clients. Your retention rate is 80%. 100 clients on Jan. 1, minus 20 new clients, leaves 80 clients retained from the prior year.)

2. Next, using the same criteria, of number of services provided, calculate each of the remaining statistics, then using the Lifetime Value Formula shown above to calculate the lifetime value of a client at each level of service.

Number Of Services Provided	Retention Rate	Gross Annual Billings For All Clients Receiving This Many Services	Average Margin Percentage For This Level Of Service	Current Discount or Fed Funds Rate	Number Of Clients Receiving This Many Services	Client Lifetime Value
1	% \$		%	%		\$
2	% \$		%	%		\$
3	% \$		%	%		\$
4	% \$		%	%		\$
5+	% \$		%	%		\$