



The Marketer's Finance Cheat Sheet

1. The Big Three Statements: Where Your Work "Lives"

- Income Statement (P&L): Records your budget as an expense and your sales as revenue.
- Balance Sheet: A snapshot of assets (what the company owns) and liabilities (what it owes). Building a premium brand creates an Intangible Asset called Goodwill.
- Cash Flow Statement: Tracks the actual movement of cash—the most important document for a CFO. It's possible to be profitable on paper but go bankrupt if cash is tied up.

2. Investment Metrics (The Decision Makers)

- Internal Rate of Return (IRR): The "interest rate" your marketing campaign earns. If the IRR is higher than the company's cost to fund it, it's a win.
- WACC & Hurdle Rate: WACC is what the company pays to finance its assets. The Hurdle Rate is the minimum return a CFO requires before green-lighting a project.
- Net Present Value (NPV): Calculates the value of future payments in today's dollars, adjusted for risk and the time value of money.

3. Profitability & Operations

- Contribution Margin: Revenue minus all variable costs (COGS + variable marketing). This shows how much each sale "contributes" to covering fixed costs like rent.
- Operating Leverage: Measures the ratio of fixed to variable costs. In high-leverage companies (like software), a small increase in revenue leads to a massive increase in profit.
- Opportunity Cost: The value of what you didn't do because you spent the money elsewhere (e.g., brand spend vs. product development).

4. Procurement & Liquidity

- Total Cost of Ownership (TCO): The "holistic" cost of a vendor, including hidden management hours and software licenses.





- Cost Avoidance: Actions taken to prevent a future price increase (e.g., locking in a contract before inflation hits).
- Cash Conversion Cycle (CCC): How many days it takes to turn resources into cash flow.
- CAC Payback Period: The "Time to Break Even" for a single customer. CFOs want this period to get shorter over time to reduce risk.

5. Translation Table: Marketer to CFO

Use these "Speak Finance" upgrades to sound like a strategic partner:

Marketing Metric	The CFO's Interpretation	The "Speak Finance" Upgrade
Brand Awareness	A vague "soft" cost	Market Share Defence
Engagement Rate	A "vanity metric"	Customer Retention / LTV Extension
CPM	A commodity cost	Media Efficiency & Cost Avoidance
Conversion Rate	Tactical optimization	Funnel Throughput & Capital Efficiency
Content Creation	Administrative expense	Developing Reusable IP (Assets)

The Golden Rule: Finance people are professional pessimists. Always include a Sensitivity Analysis to show how your ROI changes if assumptions like CPMs or conversion rates fluctuate.

