Reved Academy

Founder's Handbook

A comprehensive guide to the essential terminology every startup founder, operator, and employee needs to know.

Financial Metrics & Unit Economics

Understanding your startup's financial health starts with mastering these core metrics. These numbers tell the story of whether your business model is sustainable and profitable.

1. CAC — Customer Acquisition Cost

How much money you spend to get one customer. Includes ads, marketing, sales effort. Lower CAC = more profitable growth.

2. LTV — Lifetime Value

Total money a customer gives you over their entire relationship. Higher LTV = more sustainable business. Key to forecasting revenue.

3. Burn Rate

How much money your startup loses every month. Shows whether you're managing cash well. High burn = short survival.

4. Runway

How many months your startup can survive before cash runs out. Calculated as Cash ÷ Burn Rate. The most important survival metric.

5. Gross Margin

Revenue minus cost of making the product. Shows how much profit you keep before expenses. Higher margin = stronger business.

6. Contribution Margin

Profit from each individual unit sold. Helps you understand product profitability. Used for scaling decisions.

Growth Indicators

- **7. MoM Growth:** Percentage growth from last month. Shows momentum. Investors love steady MoM.
- **8. ARPU:** Average money earned per customer. Useful for subscription models. Higher ARPU = better monetization.
- **9. Churn Rate:** Percentage of customers who stop using your product. High churn means product dissatisfaction.

The Golden Rule

10. Payback Period: Time taken to recover the CAC from customer revenue. Shorter payback = better cashflow. Under 6–12 months is ideal.

Product & Growth

01

11. MVP — Minimum Viable Product

Smallest test version of your product. Used to see if people actually want it. Build fast → test → improve.

02

12. PMF — Product–Market Fit

When your product becomes a natural fit for your audience. Users pull the product, not you pushing it. The "life or death" moment for startups.

03

13. Activation Rate

How many new users complete the key first step. Shows if your onboarding works. Higher activation = better first impression.

14. Retention Rate

Percentage of users who keep coming back. High retention = strong product value. Retention beats acquisition.

15. DAU/MAU

Daily/Monthly Active Users. Number of users who use your product daily/monthly. Shows stickiness. Higher ratio = addictive product.

16. Cohort Analysis

Groups users by signup date to study behaviour. Helps track retention properly. Critical for understanding long-term growth.

17. TOFU

Top of funnel. Awareness stage where users discover you.

18. MOFU

Middle of funnel. Consideration phase where users evaluate options.

19. BOFU

Bottom of funnel. Purchase decision point.

20. Growth Loop

A system where users bring more users. Example: referrals. Most scalable form of growth.

21. Virality Coefficient

How many new users each user brings. >1 means exponential growth. Used for viral products.

22. North Star Metric

The one number that indicates true product success. Different for each business model. Guides the entire team.

Marketing & Sales

Effective marketing and sales require tracking the right metrics. These terms help you understand acquisition efficiency, campaign performance, and conversion optimization.

23. CPA — Cost Per Acquisition

Cost to acquire any lead or action. Not always a paying customer. Lower CPA = cheaper growth.

24. CTR — Click-Through Rate

Percentage of people who click on your ad. Higher CTR = better creatives. Important for ad optimization.

25. CPM — Cost Per 1000 Impressions

How much you pay for 1000 views of an ad. Shows ad competitiveness. Useful for budgeting.

3.2x

26. ROAS

Return on Ad Spend. Revenue generated per dollar spent on ads. Above 1 is profitable. Core metric for paid ads.

25%

27. Lead Conversion Rate

Percentage of leads that turn into paying customers. Higher conversion = better funnel. One of the strongest growth levers.

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28. AOV

Average Order Value. Average money spent per purchase. Increasing AOV boosts revenue without new customers.

29. MQL — Marketing Qualified Lead

A lead showing interest via marketing actions. Not yet ready to buy. Passed to sales later.

30. SQL — Sales Qualified Lead

A lead ready to buy. Shows strong intent. Highest chance of becoming revenue.

31. Customer Conversion

Final stage where SQL becomes a paying customer and begins their journey with your product.

Revenue Expansion Tactics

32. Upsell: Selling a higher-priced product to an existing customer. Increases revenue quickly. Works best after trust is built.

33. Cross-sell: Selling related products. Boosts cart value. Great for e-commerce & SaaS.

⭐ Before you continue... a note on real founder success.

Learn more

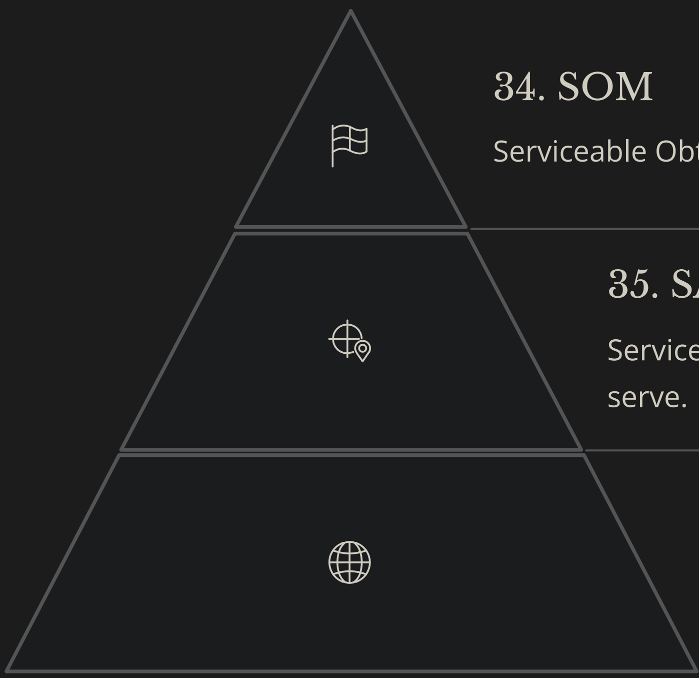
Understanding these terms makes you competent.
But *thinking with clarity* is what makes you unstoppable.

Godmode is a 33-day program for aspiring founders who want:

- sharper judgement
- deeper clarity
- decision-making frameworks
- thinking models used by top operators

No hype. Just mental rewiring.

Strategy & Operations



34. SOM

Serviceable Obtainable Market. Your realistic capture.

35. SAM

Serviceable Available Market. What you can realistically serve.

36. TAM

Total Addressable Market. Maximum potential opportunity.

Understanding market size is crucial for planning and fundraising. TAM shows investors the big picture, while SAM and SOM reveal your realistic business scope and achievable targets.

37. Pivot

Changing your business direction. Done when original idea fails. Very common and often necessary.

38. Value Proposition

The main benefit you offer customers. Explains why they should choose you. Must be compelling and unique.

39. Positioning

How customers perceive your brand. Built by messaging, pricing, visuals. Critical for premium brands.

40. OKRs — Objectives & Key Results

Goal-setting framework. Objective = direction, Key Results = measurable outcomes. Used by Google & most startups.

41. SOP — Standard Operating Procedure

Step-by-step instructions for tasks. Ensures consistency and scale. Essential for team efficiency.

42. Burn Multiple

How much burn is required to generate each dollar of growth. Lower burn multiple = efficient startup. Investors love this metric.

43. Flywheel Effect

A system where every win makes the next win easier. Built by compounding processes. Amazon's secret weapon.

Team & Funding

Building a successful startup requires understanding the funding landscape and how to structure your team's equity. These terms are essential for navigating investment rounds and team compensation.

1

44. Angel Investor

Individual who invests early money. High-risk, high-belief funding. Often adds network + guidance.

2

45. Seed Round

First major funding stage. Usually after MVP validation. Used to build core team/product.

3

46. Series A

Funding to scale product & revenue. Investors expect real traction. Team grows rapidly here.

4

47. Exit

When founders or investors cash out. Happens via acquisition or IPO. The endgame of every startup cycle.

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48. Valuation

How much your startup is worth. Based on revenue, story, market. Determines equity dilution.

49. Dilution

Reducing your ownership to raise funds. Equity is given to investors. Trading some control for growth.

50. Cap Table

Record of who owns how much equity. Shows founders, investors, ESOPs. Must remain clean for future rounds.

51. ESOP — Employee Stock Ownership Plan

Equity given to employees. Used to attract top talent. Aligns incentives and creates ownership mentality across the team.

52. Due Diligence

Investor audit before approving funding. Checks finances, product, legalities. Pass this = funding confirmed.

53. Term Sheet

Legal document outlining funding deal. Covers valuation, equity, rights. Signed before final agreements.

Master These Terms

Understanding this lexicon gives you the language to communicate effectively with investors, teammates, and stakeholders. These 50 terms form the foundation of startup operations, from product development to financial planning to scaling your team.

You've reached the end.
THE REAL WORK STARTS NOW.

Tools don't build companies. **Clarity does. Discipline does. Judgement does.**

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No fluff. No spam. Just clarity.

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