MODULE 2 · SESSION 2

Connecting Revenue Capacity Systems

How to forecast selling capacity, find coverage gaps, and decide between hiring and improving productivity.

Theory session

Intermediate

Running case: LumenCart

ORIENTATION

Where this session sits

2.1 produced qualified demand; 2.2 asks whether you can actually serve it

MODULE 1
Growth Architecture and Market Entry

MODULE 2
Commercial Engines and Expansion

MODULE 3
Strategic Scaling Choices

SESSIONS IN THIS MODULE

2.1 Designing Product-Led Growth
Usage signals, self-serve conversion and when sales steps in

2.2 Connecting Revenue Capacity Systems
Forecasting capacity, coverage gaps and hiring decisions
YOU ARE HERE

2.3 Scaling Retention and Expansion
Diagnosing risk and prioritising expansion

SESSION OUTCOMES

What this session explains

Sizing the capacity behind a revenue number

01

Capacity is built, not assumed

Headcount, ramp, quota and attainment multiply into a number that is usually lower than the plan.

02

Coverage is a ratio, not a feeling

Pipeline must exceed target by a factor derived from your own win rate.

03

Peak capacity differs from average

A system sized for the mean fails at the moment demand concentrates.

04

Hiring is one of two options

Productivity improvement is often faster and always cheaper.

DEFINITION

What revenue capacity means

The ceiling the current system can deliver, whatever the plan says

WORKING DEFINITION

Revenue capacity is the maximum a commercial system can deliver in a period given its people, their ramp state, the pipeline available to them and the infrastructure that carries the transaction — not the number in the plan.

1

It is a product, not a sum

Headcount × productive proportion × quota × attainment. Each factor below 1 compounds the shortfall.

2

It is time-shaped

A new hire delivers nothing for months. Capacity eighteen months out is decided by hiring today.

3

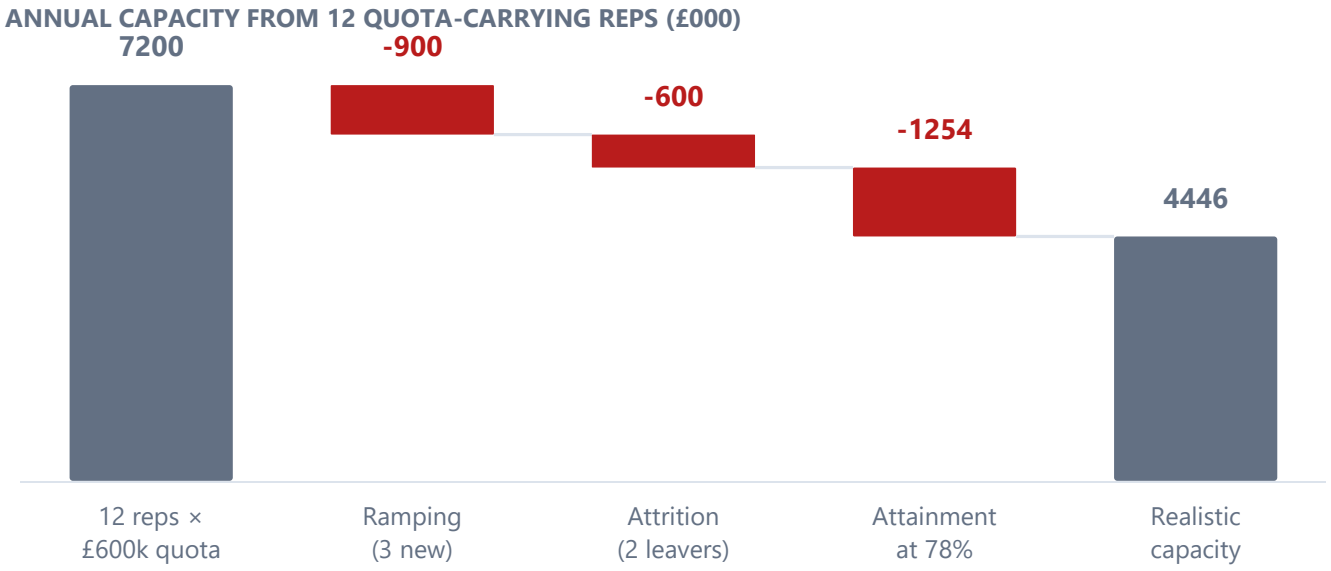
It includes the machinery

The athletic brand's constraint was checkout latency. Capacity is not only human.

CONCEPT 1 · THE BUILD

From headcount to deliverable revenue

Each factor removes a portion of the theoretical number



£4.45m against a £7.2m theoretical number. The gap is not pessimism — it is the historical behaviour of the same team.

RAMP

New hires are not capacity

A rep hired in month one contributes a fraction of quota in the first two quarters. Model the curve, not the headcount.

ATTAINMENT

Use your own history

Median attainment across the last four quarters, not the number quota was set at.

ATTRITION

Plan for it

A team that lost two people last year will likely lose two again. Leaving it out guarantees the plan misses.

CONCEPT 2 · COVERAGE

How much pipeline the number actually needs

Coverage is derived from win rate and cycle length, not chosen

Input	How it is obtained	Worked example
Target for the quarter	From the plan.	£1,200k
Historical win rate	Closed-won ÷ all closed, last four quarters.	23%
Required pipeline	Target ÷ win rate.	£5,217k
Coverage ratio	Required ÷ target — this is what "3× coverage" means.	4.3×
Sales cycle	Median days from opportunity to close.	74 days — so the pipeline must exist now, not later.

WHY THE DERIVATION MATTERS

A team quoting "3× coverage" without deriving it from its own win rate is repeating a number it read somewhere. At a 23% win rate, 3× is a guaranteed miss.

CONCEPT 3 · RAMP

Why hiring decisions are made two quarters early

The cost is immediate; the capacity is not

Full cost from month one; roughly a third of annual capacity lost to ramp in a hire's first year.

THE PLANNING RULE

Hire two quarters ahead

Capacity needed in Q3 has to be hired in Q1. Deciding in Q3 means delivering in Q1 of the following year.

THE CASH EFFECT

It deepens the trough

Salary from month one against revenue from month six — the Course 3 cash curve, applied to hiring.

THE LEVER

Shorten the ramp

Better enablement moves the curve left, which is cheaper than hiring more people to cover the gap.

CONCEPT 4 · BOTTLENECKS

Capacity is limited somewhere specific

Six places it can bind, only one of which is headcount

PIPELINE	Not enough qualified opportunities to work. Fix upstream, per Session 1.3.
PEOPLE	Too few quota carriers, or too many still ramping.
PRODUCTIVITY	Time lost to admin, poor tooling, or unclear process.
HANDOFF	Deals stalling between functions — the same leak as Session 1.3.
DELIVERY	Sold capacity exceeds what operations can onboard.
INFRASTRUCTURE	The transaction path itself fails under load. The athletic brand's constraint.

THE DIAGNOSIS

One binds at a time

Adding people when the constraint is pipeline lowers attainment and makes the number worse.

THE OVERLOOKED ONE

Infrastructure

p99 latency at checkout is a revenue constraint. Commercial capacity includes the system that carries the sale.

CONCEPT 5 · SHAPE OF DEMAND

Average capacity and peak capacity

The sneaker-drop lesson generalises to any concentrated demand

SIZED FOR THE MEAN

Adequate on an ordinary day

THE ASSUMPTION

Demand arrives evenly, so average throughput is the relevant measure.

WHERE IT HOLDS

Steady subscription businesses with smooth renewal and usage patterns.

WHERE IT FAILS

Launches, campaigns, renewals clustered at period end, seasonal buying.

SIZED FOR THE PEAK

Designed for the minutes that matter

THE ASSUMPTION

A large share of the period's revenue arrives in a small share of its time.

WHAT IT REQUIRES

Headroom, load testing, and observability during the window itself.

THE CASE

Drops compressed traffic into minutes; latency in that window was lost revenue.

THE QUESTION TO ASK OF ANY REVENUE SYSTEM

Ask what proportion of quarterly revenue closes in the final two weeks. If it is most of it, you have a peak problem in a commercial system too.

CONCEPT 6 · THE DECISION

Hire, or make the existing team more productive

Two axes: how far short you are, and how much slack exists in the current team

SIZE OF GAP ▲

HIRE NOW Large gap, team already efficient. Nothing else closes it in time.	**FIX FIRST, THEN HIRE** Large gap, significant slack. Hiring on top of an inefficient process multiplies the inefficiency.
HOLD Small gap, little slack. Accept it or adjust the target.	**IMPROVE** Small gap, plenty of slack. Enablement and tooling close it faster than recruiting.

PRODUCTIVITY HEADROOM AVAILABLE →

THE TEST FOR SLACK

Selling time per week

If reps spend under half their week in front of buyers, the headroom is in process, not headcount.

THE TRAP

Hiring past a bad process

Every new hire inherits the inefficiency, so cost rises faster than capacity.

THE TIMING

Lead time decides

Hiring takes two quarters to deliver; enablement can move attainment this one.

CONCEPT 7 · FAILURE MODES

Three capacity plans that miss

Each is arithmetically tidy and behaviourally wrong

Quota × headcount

Looks like Twelve reps at £600k equals £7.2m.

Why it fails Ramp, attrition and attainment are all below one.

Fix Build the waterfall from your own historical factors.

Borrowed coverage ratio

Looks like "We need 3× pipeline."

Why it fails At a 23% win rate the requirement is 4.3×; 3× misses by a third.

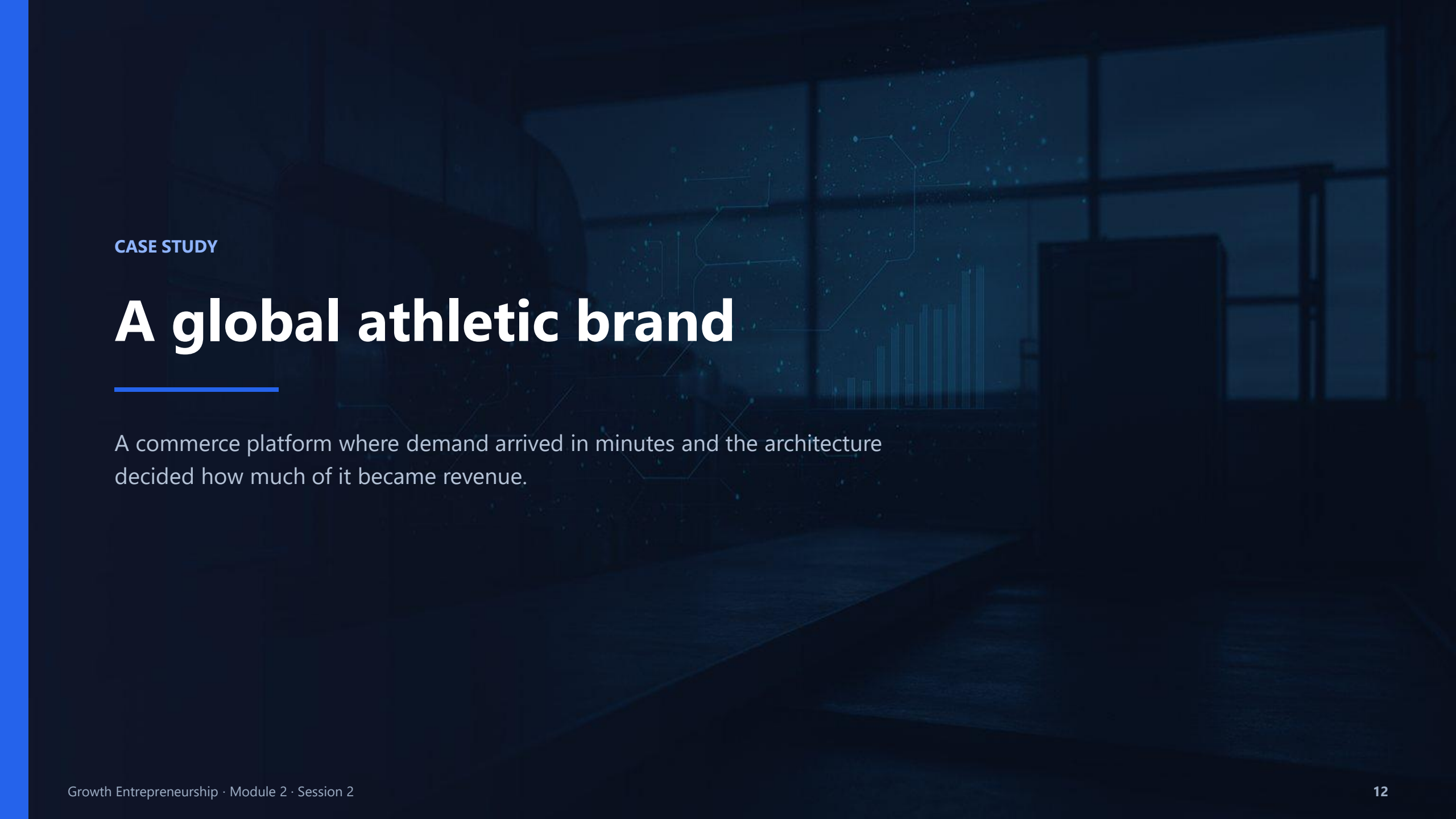
Fix Derive it from your own win rate.

Sizing for the average

Looks like Comfortable capacity on a normal week.

Why it fails Most revenue arrives in a compressed window the system was never tested against.

Fix Size and test for the peak, not the mean.



CASE STUDY

A global athletic brand

A commerce platform where demand arrived in minutes and the architecture decided how much of it became revenue.

CASE STUDY · A GLOBAL ATHLETIC BRAND

Architecture as revenue capacity

The constraint was latency in the minutes that carried the revenue

THE CONSTRAINT

Capacity measured at the peak

THE DEMAND SHAPE

Sneaker drops compressed traffic into minutes rather than spreading it across a day.

WHERE IT BROKE

When p99 latency slowed checkout, revenue was lost during exactly the window when interest was highest.

WHAT HID IT

Aging Cassandra and Couchbase databases, infrequent search updates and poor visibility into ephemeral services.

THE RESPONSE

Architecture as revenue capacity

COORDINATION

GraphQL gateways above hundreds of service APIs, covering checkout, cart, wishlist and content.

FOUNDATIONS

Migration to scalable data services; Elasticsearch and Neptune for search and relationships.

OPERATIONS

Metrics, traces, logs and launch-specific testing — sustained over a multi-year engagement.

READING THE CASE

Peak demand deserves its own design assumptions. A system evaluated only against average traffic conceals the constraint that actually decides revenue.

Drawn from the session case pack.

APPLICATION

Bringing the theory to LumenCart

A capacity plan built from observed behaviour

Step	What you calculate	LumenCart example
Build the waterfall	Headcount, ramp, attrition, attainment.	9 reps × £480k, less ramp and 74% attainment = £2.6m.
Derive coverage	Target ÷ win rate.	Win rate 19% — required coverage 5.3×, not the assumed 3×.
Locate the bottleneck	Which of the six is binding.	Selling time is 38% of the week — productivity, not headcount.
Check the peak	Share of revenue in the compressed window.	44% of quarterly revenue closes in the final two weeks.
Choose hire or improve	Gap size against available slack.	Fix first: automate quoting before adding two reps.
Set the lead time	When capacity must be committed.	Q3 capacity requires hiring decisions in Q1.

WHAT COMES NEXT

Session 2.3 protects and expands the revenue this capacity wins.

SUMMARY

What to carry out of this session

1. **Capacity is a product of factors, all below one.**
   Quota × headcount overstates it every time.

2. **Derive coverage from your own win rate.**
   A borrowed 3× at a 23% win rate is a planned miss.

3. **Hire two quarters before you need the capacity.**
   Cost starts in month one; contribution starts around month six.

4. **Find which of the six constraints is binding.**
   Adding people when pipeline is the limit lowers attainment.

5. **Size for the peak when revenue is concentrated.**
   Latency during the window that carries the revenue is a commercial constraint.

FURTHER READING

Sources for this session

Primary references behind each concept

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