

Seven revenue priorities when you start your business



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1. Generate sales as quickly as possible

Your first priority when you launch your business is to gain some traction in the market as quickly as possible. Some tips:

- Ensure you have a compelling point of difference
- Build and promote your credibility
- Work for free or less than the normal rate in return for endorsements
- Feature customer feedback in all your marketing
- Actively ask for referrals.

2. Work harder at value creation

Creating better customer value can be the key to more sales. This is especially important if you're finding it difficult to compete on price alone.

Dig deep. What else do customers want when they buy your product or service? What are their unstated worries or frustrations? When you discover the pain points, you can tailor your solutions. For example:

- Offer better warranties or guarantees than competitors
- Provide more value for the money by bundling in extras such as free installation or a help desk service
- Solve common customer frustrations or anxieties

3. Build dependable revenues

Foster the resilience of your business by building recurring cash flow streams. Dependable revenues lessen the effects of seasonality and can help you survive a downturn.

To build steady cash flows, consider signing up customers to contracts or maintenance programs. Consider also advance sales, consumables, help services,

and loyalty schemes. Other sources could include selling spare parts or add-ons, upgrades, up-selling and on-selling.

Set a revenue target from the outset (say, 40% of sales) as steady revenue you can rely on in good times and bad.

4. Develop a menu

Customers like choices. At the moment you may offer only a few options or prices for your product or service. Can you expand what you offer into a menu of options that gives customers more choice? For example, Dell distinguished itself from competitors by breaking away from the standard off-the-shelf computer package. The company empowered customers to customize their computers online by selecting their precise requirements and peripherals such as printers and monitors from an online menu of options.

How can you repackage your products and services in easily understandable ways to build new or multiple revenue streams? You can go one step further and give the package a name and its own logo and branding.

5. Widen your customer base

Many start-ups develop their business around a few key customers. If this picture fits your situation, it's understandable that you will be focusing on keeping these relatively few customers very happy, but this also makes your business vulnerable. The loss of one or two customers could devastate your business.

One hundred smaller customers are better than five big ones. Diversity is what gives your business the resilience to survive the loss of a few customers.

6. Develop repeat sales

Customer retention will be vital in a downturn or if the competition becomes cut-throat. Develop reasons for customers to come back and buy from you again. Good value and outstanding service are two keys to customer retention and repeat sales, but keep searching for more ways to lock in customers. For example:

- Signing contracts
- Developing loyalty schemes
- Providing unexpected extras
- Offering access to special privileges.

Make a point of measuring customer retention rates so you can set improvement goals.

7. Flatten out peaks and troughs

Revenue troughs can cause havoc to your cash flow and make budgeting for bill payments difficult. They are also a prime cause of cash flow crunches.

Peaks and troughs may result from seasonality, but they can also be caused by poorly timed marketing. Marketing usually has a lead time; it doesn't always kick in immediately. Think of it like sowing seeds – the results are not immediately apparent.

This makes it important to market consistently – including when you are extremely busy. Waiting until times are quiet before you market again can increase the quiet period and stretch your cash flow pains even further.

Be proactive. Many businesses (other than retailers) can suffer a slow period around Christmas or major holidays. If you know your business will be experiencing a quiet period, start planning ways to keep revenues going during the lull. For example, a business servicing agricultural equipment offered to service seasonal farm machinery in the winter at special rates so the equipment was in top condition for spring. A software company always suffered a slump during the summer holiday months. It changed this situation by looking for longer-term projects that would keep staff busy during the lean periods.

What can you change in your approach or offer customers to flatten out the troughs in your year?