



“Making Your Revenue Sources More Predictable”

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I contend that no matter what your product is, you can make your revenue stream more predictable by adding value to it.

Suppose you sell gourmet coffee in a drive-up stand. You wait in your stand for customers to drive up.

How can you add value to increase the predictability of your revenue stream?

One thing you could do is to give all your customers a discount card. Each time they purchase a coffee, you punch a hole in the card, and when they get some number of punches, they receive a free coffee. You have added some value to your service.

Admittedly, you have not added much, but in this line of business, you do not have very much to work with. You should consider expanding your operation so that you can offer more products. Possibly, instead of operating from a fixed, drive-up stand, you should consider going mobile.

Buy a food truck that will allow you to take your product to the customer. You can then possibly develop arrangements with local companies or other organizations to provide discounts in return for exclusive access to their employees.

Suppose you are a plumber who waits for customers to call on the phone.

How can you add value to increase the predictability of your revenue stream?



If you simply fix leaks and solve other plumbing problems, then your revenue stream is totally unpredictable. If you live in a northern region, you can expect a spike in revenues during the cold winter months when the pipes freeze, but other than that, it is really just hit and miss.

If, however, every time you visit a customer, you offer them a service agreement which states that you will guarantee to fix any problem they encounter and you will only charge them \$10 per year no matter what it is, then you might sell quite a few contracts. The only problem is that if a water heater goes out somewhere, you just lost the profit from 50 or so annual contracts.

Of course everyone will buy a contract because it is a great deal. And yes, that does transform your revenue stream into a fixed revenue stream, but the amount of calls you will make and the expenses you will incur to service those contracts will far exceed what is required to make a profit.

But this is the correct approach! You only need to get your pricing right, and you have converted your revenue stream from a highly unpredictable one to a highly predictable one.