

Flipside Finance



“Revenue
Myths”

DEBUNKED

Swipe >>>



Revenue is **Vanity** Profit is **Sanity**

Revenues can mislead; without profits, a company is not financially **healthy**.





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High Sales Growth could be a Red Flag

Rapid growth can sometimes be a sign of **unsustainable** business practices (unreasonably high customer acquisition costs).





Not all **Bets** are equal

Recurring revenue (like subscriptions) is often more valuable than **one-time** sales, even if the latter is higher





Jack of all Trades Master of None

Revenue **diversification** can be a weakness, as it could lead to a lack of **focus** or dilute a company's core **competencies**.





Sales \neq Cash

You can have a solid topline but still run out of cash if you don't manage **receivables** and **inventory** effectively.





Big Fish

Bigger Problems

SMEs often aspire to land large clients or contracts. However, becoming **too reliant** on a **few** big customers can make you **vulnerable** if those customers decide to **switch** suppliers or **negotiate** for lower prices.





Revenue Recognition

NOW? LATER? NEVER?

Not all revenue should be recognized **immediately**, revenue should be recognized when **earned**, not necessarily when cash is **received**, plus earned revenues should also be adjusted for **bad debts**



Keep the wisdom flowing

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