# Potential revenue template

Use this potential revenue template to quickly work out a ballpark estimate of the revenue potential of your business or idea. Since not all customers make a purchase, this tool helps you estimate the revenue potential based on the percentage of customers who actually make a purchase. Try experimenting with the numbers. For example, to see what difference it would make if you could encourage more customers to make a purchase.

## Calculate your revenue potential

| | |
|---|---|
| Enter your maximum number of possible customers per day | 80 |
| Enter the number of days your business is open each year | 300 |
| Total potential customers / year | 24,000 |

| | |
|---|---|
| Enter the percentage of your customers who make a purchase | 40 |
| This is the actual number of customers you have per year | 9,600 |

| | |
|---|---|
| Enter the value of your average sale per customer | $ 25 |
| Enter the average cost per customer | $ 5 |

## This is your revenue potential

**$ 192,000**

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Your revenue potential helps you understand how much money your business can generate based on key factors like customer volume, pricing, and production costs. By analyzing these elements, you can set realistic revenue goals and identify the most effective ways to increase profitability. This template also helps you determine how many potential and actual customers you need to reach your financial targets, based on the average sale per customer.

## Maximizing your revenue potential

There are multiple strategies for increasing revenue, and the approach you take will depend on your business model, market position, and resources. Here are some key methods to consider:

- Increase customer volume. Attracting more customers can drive revenue growth, even if your prices remain the same. Marketing strategies like digital advertising, local outreach, and referral programs can help expand your customer base.
- Adjust pricing strategically. Lowering prices can lead to higher sales volume, but it's important to ensure this approach maintains profitability. Alternatively, raising prices allows you to generate the same revenue with fewer customers, provided the perceived value of your product or service justifies the increase
- Boost average sale value. Encouraging customers to spend more per transaction is an effective way to grow revenue. This can be achieved through upselling (offering premium or higher-value products) and cross-selling (suggesting complementary products or services
- Improve conversion rates. If more potential customers become paying customers, revenue increases without requiring additional traffic. Enhancing the customer experience, streamlining the purchasing process, and addressing common objections can help improve conversion rates.
- Optimize costs and margins. Profitability isn't just about increasing revenue. It's also about managing costs. Reducing production or supplier costs, improving operational efficiency, and refining pricing structures can significantly impact your bottom line.

### Specific actions to improve revenue might include:

- Identifying and targeting high-value customers.
- Offering subscription-based services or loyalty programs.
- Introducing bundle deals or limited-time promotions.
- Using automation to reduce operational costs and enhance efficiency.
- Diversifying your product or service offerings.
- Enhancing customer service to build long-term loyalty.

If you're looking to increase your revenue, you can build a larger pipeline of prospective customers, convert more of your leads into customers, increase the number of items you sell per customer, increase the value of your average sale, or increase your net profit percentage. Specific actions include finding lower-cost suppliers, trimming unnecessary costs, increasing your prices, introducing premium products, bundling products together, and encouraging referrals.

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## To use the template

Your maximum number of possible customers per day is the highest number of people you can help in a day. This is different for every business. A retail business might have a much higher number of possible customers than a service business.

In the second set of boxes, insert the percentage of customers who purchase from you. If you see 100 retail customers in a day and 20 make a purchase, that's 20% of your potential customers who purchase.

In the third set of boxes, enter the average value of a sale per customer and the average cost per customer. Note that some service businesses may not have a cost per customer, in which case this box can be left blank. The Revenue Potential section shows you how much you could earn annually, not factoring in overhead costs.

Try experimenting with the figures to see what impact they have on your final net revenue amount.

Note. This is a guide only and should neither replace competent advice, nor be taken or relied upon as financial or professional advice. Seek professional advice before making any decision that could affect your business.