

Business 101
Basics
Module 4



SOLOGIX

A PARTNER TO DRIVE YOUR BUSINESS

BUSINESS 101

Revenue Streams



Types of revenue:

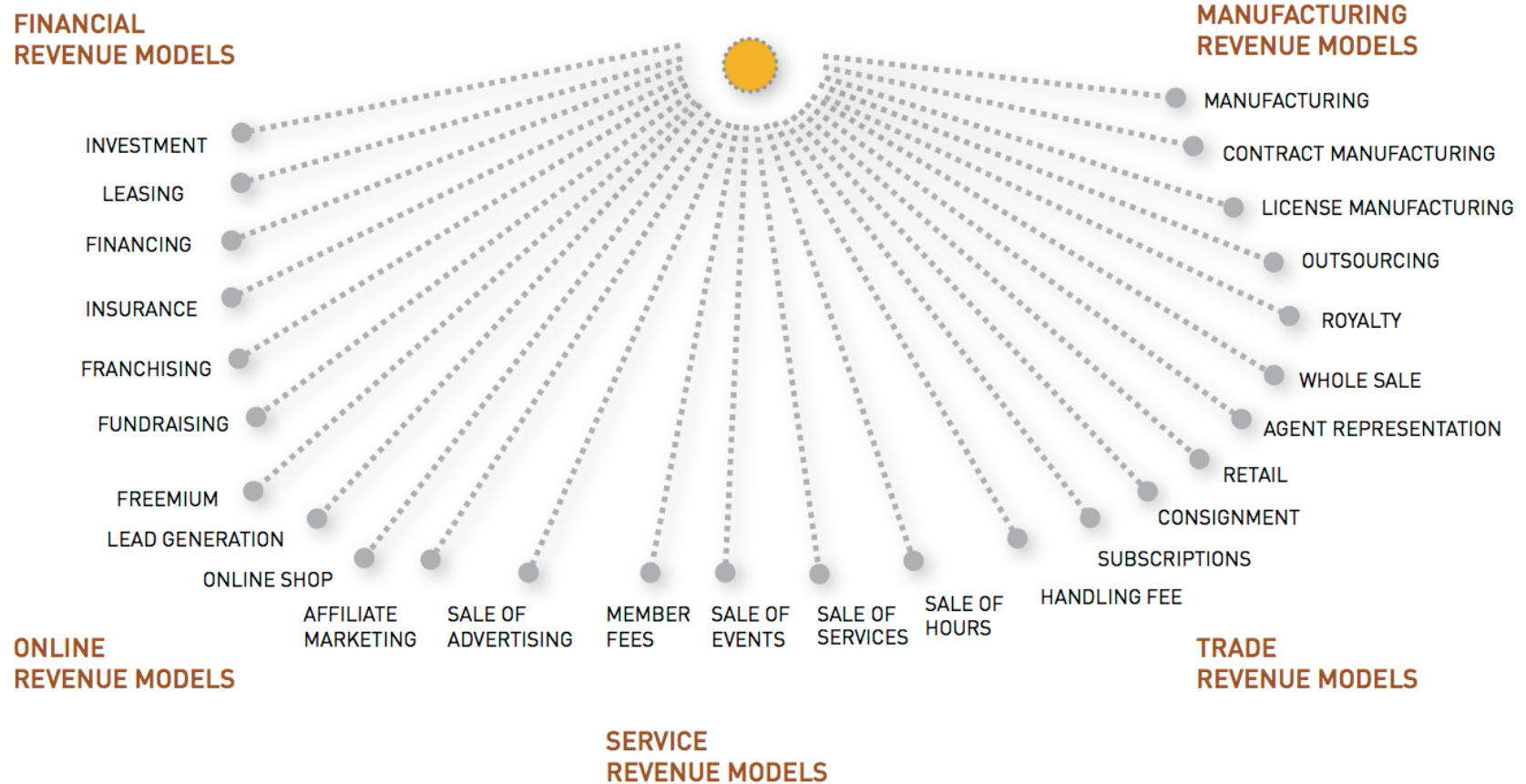
- Transactional revenue
- Recurring revenue



Ways to generate revenue:

1. Product sale
2. Usage fee
3. Renting / leasing
4. Subscription
5. Licensing
6. Brokerage
7. Advertising





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Revenue Streams

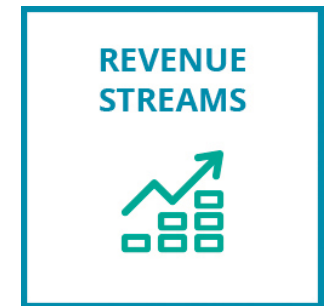
Y 3.01 Revenue Mix

CATEGORY	REVENUE MODEL	USEFUL?			HOW COULD THIS REVENUE MODEL POSSIBLY BE USED?	POTENTIAL YEARLY SALES FROM THIS SOURCE
		Yes	No	Maybe		
Manufacturing revenue models	Manufacturing		X			
	Contract manufacturing			X	Own systems designed in future?	
	License manufacturing		X			
	Outsourcing		X			
	Royalty		X			
Trade revenue models	Wholesale		X		Sell complete solar systems to installers and retailers	B1.21
	Regional Agent			X	Appoint agents in areas where we don't operate	
	Retail		X			
	Consignment			X	Consignment stock to larger clients perhaps	
	Subscriptions		X			
	Handling fee			X	Charge handling fee on excess warehouse	
Service revenue models	Sale of hours			X	Consulting or training hours	
	Sale of services			X	Installation or correction	
	Sale of events		X			
	License/Member fees		X			
Online revenue models	Advertising sales		X			
	Affiliate marketing		X			
	Online shop			X	Sell components online	
	Lead generation		X			
	Freemium		X			
Financial revenue models	Fundraising		X			
	Franchising		X			
	Insurance sales		X			
	Financing business		X			
	Leasing		X			
	Investments		X			

Pricing Strategy

Price points

- Influences volume sold and revenue earned
- Direct bearing on profitability
- Test sensitivity of various prices



Y 3.02 Price Points

	PRICE POINT	EXPECTED SOLD UNITS (pcs., hours, etc.)	EXPECTED INCOME ON THIS PRICE POINT	TENTATIVE PRICE
HIGHEST	R15,000	100	R1,500,000	R12,000
MEDIUM	R12,000	135	R1,620,000	
LOWEST	R10,000	155	R1,550,000	



Y 3.02 Price Points

CUSTOMER SEGMENT PRICING

SEGMENTS	PRICE
Johannesburg	R12,500
Cape Town	R12,000
Durban	R12,000

VOLUME PRICING

VOLUME	PRICE
1 - 10	R12,000
11 - 25	R11,500
26 - 50	R11,000
> 50	R10,000

TIME PRICING

TIME PERIODS	PRICE
Aug - Apr	R12,000
May - Jul	R11,250



Discount Policy

- Credible way to offer different prices to different customers
- Perceived as fair

Timing of discounts

- Always
- At customer's request
- Depending on situation
- During negotiation



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Revenue Streams

Y 3.41 Discount Policy

CATEGORY	DISCOUNT TYPE	USEFUL		DISCOUNT		WHEN TO OFFER DISCOUNT	WHO TO OFFER DISCOUNT
		Yes	No	Percent	Amount		
Periodic discounts	Introductory discount (first time only)	X		%	250	Launch online course	First 50 sign up
	Seasonal discount	X		5%		Slow Easter season	Installed SWH
	Event sale (trade shows, jubilee, etc.)	X		5%		Homemakers Expo	Signed up customer
	Clearance sale		X	%			
Quantity discount				%			
	Discount on specific amounts	X		5%		Order > step quantities	Registered dealers
	Discount on extended length of contract	X		5%		> 6 mnth engagement	Signed contract
	Bonus product when purchasing specific	X		%	1 x	Qtrly volume targets	Registered dealers
Loyalty discount	Bonus refund		X	%		Rather give product	Qualifying dealers
				%			
	Discount with membership sign-up	X		10%		Registered and paid	Sologix club
	Returning customer bonus (frequent user)	X		15%		Register 2nd course	Qualifying customers
Customer group discount	Referral bonus	X		%	R150	Referral = sale SWH	All existing customers
				%			
	Discount for specific customer groups	X		5%		Sign up course	Qualifying customers
	Profession discount	X		10%		CPD requirements	CAs, CIMAs ACCAs
Gift discount	First of a kind (pilot or referral client)	X		10%		Dedicated course	Lawyers Doctors Plumbers
	Relationship discount (partners, friends)	X		15%		Signed and paid	Network referral
				%			
	"Buy Two, Get One Free"	X		%		Purchase of	Only smaller courses
Cash discount	Gift certificate	X		10%		Purchase gift	Existing customer
	Gift included with purchase			%		Surprise	
	Buy and get free for friend	X		%		Purchase of	Selected courses
				%			
Special circumstance discount	Cash discount on advance payment			%			
	Cash discount on shorter payment terms	X		2,5%		Settlement discount	Credit customers
				%			
				%			
Special circumstance discount	Cost reimbursement (travel, expenditures)			%			
	Training course Install SWH			%		Attendance of course	Registered dealers
Special circumstance discount				%			
				%			

Sales Budgets

- Evaluate viability
- Identify which customers / segments / products to focus on
- Realistic for market size?



B 1.21 Sales Budgets

CUSTOMER GROUP	CUSTOMER NAME	NO. OF UNITS	UNIT PRICE	REVENUE	PCT. SHARE
Home Owners Northern Suburbs	Various	30	12,500	375,000	71
				0	
				0	
				0	
SMEs Epping - Joostenburg	Various	15	10,000	150,000	29
				0	
				0	
				0	
				0	
				0	
				0	
				0	
TOTAL		45		525,000	100%



B 1.21 Sales Budgets

PRODUCT / SERVICE CATEGORY	PRODUCT / SERVICE NAME	NO. OF UNITS	UNIT PRICE	REVENUE	PCT. SHARE
Thermosiphon	150 ltr SWH	110	R10,000	1,100,000	29
	200 ltr SWH	135	R12,000	1,620,000	42
	250 ltr SWH	80	R14,000	1,120,000	29
				0	
Pumped				0	
				0	
				0	
				0	
Indirect				0	
				0	
				0	
				0	
TOTAL		325		3,840,000	100%



Lessons Learned

- Revenue Mix
- Price Points
- Discount Policy
- Sales Budgets



THANK YOU

To learn more about the tools used, visit

www.strategyzer.com

www.growthwheel.com