



## **Booklet | 5 simple steps to revenue leakage prevention**



**RevOps 365**

Revolutionizing finance

# Table of contents

03

Introduction

04

A refresher of  
the core causes

05

5 steps to plug  
revenue leakage

06

Step 1 | Rank your  
leaks by economic value

08

Step 2 | Scrutinize all  
vendor contracts

10

Step 3 | Pay close  
attention to churn metrics

12

Step 4 | Audit all invoicing  
and billing processes

14

Step 5 | Tackle project  
visibility and communication

16

Introducing RevOps 365



# Introduction

In a dynamic business environment, protecting your revenue is crucial for long-term success. Revenue leakage, the subtle loss of income, can harm profits and impede growth if not addressed. In our connected world, understanding and preventing revenue leakage is vital. This booklet focuses on actionable steps—helping you to identify specific profit drain issues and find practical solutions to plug them, ensuring a more secure financial position.

“Before we jump to solutions, it's essential to understand where these leaks might arise and prioritize the areas with the most profit drain. Often there are substantial leaks that save companies a lot of money once plugged, and which are easily identified once you know where to look.”

**Lak Chahal, CEO at Binary Stream**

# A refresher of the core causes



Every business is distinct, meaning there could be specific reasons for revenue loss that apply uniquely to your enterprise. However, in broad terms, some common inefficiencies and shortcomings lead to revenue leakage.





# 5 steps you can take to plug your profit drain

- 
- 1 Rank your leaks by economic value
  - 2 Scrutinize all vendor contracts
  - 3 Pay close attention to churn metrics
  - 4 Audit all invoicing and billing processes
  - 5 Tackle project visibility and communication





## Step 1 | Rank your leaks by economic value and resource drain

When searching for revenue leaks in your company, it's like solving a puzzle — there are leaks in various departments, and it can be overwhelming. To simplify the process, start by estimating areas where the leaks might originate. While it's common to focus on the top accounts, it's crucial to involve those closest to the revenue generation process for a comprehensive understanding.

Once you consolidate your ideas about where the leakage occurs, rank the leaks by economic value (including time and other resources spent). Prioritize those causing the most significant financial impact, directing your attention to the major contributors before tackling smaller issues. For instance, if a substantial leak costs \$4,500 per month, while seven minor leaks only add up to \$1,030, it would be critical to address the big-hitting one first.

Finally, test your theories through a thorough audit, involving the finance team and those responsible for revenue generation. This audit should scrutinize data, processes, and retrace steps related to key revenue moments to ensure accuracy in identifying and addressing the leaks.

## Possible outcomes of this step

01

Allocate resources more effectively and get the most return for effort

02

Allows your team to tackle the most impactful issues first

03

Helps in resolving critical issues that may have a cascading effect

04

Recover significant amounts, contributing to improved overall financial health

05

Fosters a culture of informed decision-making, as outcomes are based on evidence

## Step 2 | Scrutinize all vendor contracts and identify missing or expired contracts

Simply put, the first step in preventing revenue leakage is carefully checking all your agreements with your suppliers. In the business world, everything runs on contracts — from buying goods to getting services like coffee or office cleaning. Sometimes, these contracts can be a headache. They might be missing, expired, or nobody really knows what's in them. There could be changes discussed in emails that aren't reflected in the official contracts.

To sort this out, we recommend looking at all your contracts with vendors and customers. It's like a checkup for your agreements. Start by focusing on the big suppliers — those who are crucial to your business. Ask your purchasing team to evaluate them based on factors like complexity and past experiences. This helps identify any potential issues and ensures that your contracts are in good shape.





## Possible outcomes of this step

01

Update missing or expired vendor contracts with up-to-date terms and pricing

02

Identify errors in your systems and increase accuracy in your financial processes

03

Ensure your financial planning aligns with current market conditions

04

Provide leverage for negotiations and potentially reduce costs with key vendors

05

Enables your business to adapt to current trends and opportunities in the market

## Step 3 | Pay close attention to your churn metrics and be proactive in reducing them

Understanding and identifying churn metrics is crucial for any company looking to grow, as these metrics provide valuable insights into areas that need improvement. In the past, calculating churn rates was challenging, but with today's abundance of data, tracking and using churn metrics for adjustments has become much easier. Knowing your churn rate acts as a litmus test for your business health — satisfied customers will stay, while a high churn rate indicates potential issues with your service that need attention.

It's common for companies to overlook churn metrics until it's too late, leading to a sudden increase in churn rates that causes concern. However, proactively reducing churn rates, even when they are low, is a smart approach. By understanding why customers leave, you can make necessary adjustments to retain them and refine your services before more subscribers decide to depart.



## Possible outcomes of this step

01

Enhance customer satisfaction and loyalty, reducing the likelihood of customers leaving

02

Refine products and services, providing value that encourages long-term customers

03

Protects recurring revenue streams against voluntary and involuntary churn

04

Provides a clear picture of customer satisfaction and potential areas of improvement

05

Demonstrates a commitment to customer success, fostering a positive reputation and referrals



## Step 4 | Audit all invoicing and billing processes and automate where possible

Making sure our billing and invoicing processes run smoothly is super important for preventing mistakes and delays. It's like giving our business a health check. By carefully auditing these processes, we can spot areas where things might be slowing down or where mistakes could be happening. The goal is to make everything work better and be more accurate.

One way to achieve this is by using automation tools, such as special software designed for recurring invoices. These tools easily fit into our current ways of doing things and help prevent errors in our billing process. For instance, automation can handle tasks like setting billing periods and creating invoices with all the correct details. Simple changes like incorporating automation can have a big impact on ensuring we receive all the money we're supposed to. So, looking at how we handle billing and invoices and finding ways to make it smoother can truly pay off in the long run.

## Possible outcomes of this step

01

Ensures that invoices are accurate and reflective of the services provided

02

Streamlines billing tasks saving significant time for finance teams

03

Speeds up invoicing cycles, leading to prompt and consistent billing

04

Minimizing errors prevents disputes and maintains positive customer relationships

05

Capture revenue that might have been overlooked or delayed in manual processes



## Step 5 | Tackle project visibility and cross-functional communication



Dealing with project visibility and cross-functional communication is crucial in preventing revenue leakage, often arising from seemingly simple issues. A major culprit is insufficient internal communication. For example, if the sales team lacks information on pricing or key policies, they might unintentionally sell services at lower rates or miss opportunities for upselling. Such misalignment can lead to significant revenue leakage over time. Effective communication between teams can prevent these costly mistakes, ensuring everyone is on the same page.

Additionally, inadequate project visibility, especially in invoicing and revenue-generating processes, makes it difficult to proactively manage services and accurately assess performance. This lack of transparency can result in lost or delayed revenue. In project management, issues like scope creep, delayed deadlines, and inaccurate budget estimates can contribute to revenue leakage. Another concern is inaccurate billing due to poor tracking of billable hours, potentially resulting in services provided beyond what's billed. Addressing these communication and visibility challenges is vital for preventing revenue leakage and maintaining financial health.

## Possible outcomes of this step

01

Prevents costly mistakes, such as underselling services or missing upselling opportunities

02

Enhances efficiency by ensuring everyone is well-informed about pricing structures, policies, and service offerings

03

Helps identify and address issues promptly, reducing the likelihood of lost or delayed revenue

04

Prevents issues like issues like scope creep, delayed deadlines, and incorrect budget estimates

05

Ensures accurate tracking of billable hours, preventing services from being provided beyond what's billed



# RevOps 365

Revolutionizing finance

## Introducing RevOps 365

Introducing RevOps 365, the all-in-one solution that takes your revenue operations to new heights. Seamlessly integrating with industry-leading CRMs and ERPs, this suite offers end-to-end revenue and billing management, giving you total control over your revenue streams from one centralized platform. Simplify payments management, streamline billing, and gain invaluable insights to make informed, strategic decisions for your business.

Eliminates barriers between front and back-office operations, enabling unparalleled connectivity across all your business apps, saving you time and resources. You'll experience quicker time to pay, more reliable payments, and the ability to gain clarity at every step of the revenue process. Whether you're selling products or services, RevOps 365 fits your needs, providing the tools to drive your growth.

### 20+

implementing  
scalable solution

### 3000+

customers successfully  
transformed

### 30+

countries across  
the globe



Microsoft preferred  
solution

Gold  
Microsoft Partner





## Streamline your revenue operations today

Supercharge your revenue operations with RevOps 365. Request a demo to see how our comprehensive solution can transform your business and unlock new possibilities. Embrace the future of revenue management and propel your business forward.

[Discover more](#)

Binary Stream Software inc.  
800 - 7300 Edmonds street  
Burnaby, BC V3N 0G8

+1 604 522 6300  
[www.binarystream.com](http://www.binarystream.com)  
[sales@binarystream.com](mailto:sales@binarystream.com)