

Business Resilience Toolkit

Revenue diversification

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Transcript:

Is your organisation thinking of diversifying it's income streams?

Hi, I'm Jacqui Shaw, a Finance Consultant with CBB, & I'm going to briefly discuss with you some thoughts on this today.

It's usually the goal of most organisations to, not just survive, but to thrive & grow in their respective communities - and one pathway that could help you achieve this, is revenue diversification.

It figures then, that the decision to pursue additional revenue streams would be a vital strategic question for your organisation's board, or management committee, to address.

So why would you be thinking about diversifying your organisation's revenue?

Besides being seen as a main driver for organisational growth, having various, reliable revenue streams can provide financial stability & reduce financial risk - provide a safety net, in case one of these dries up.

Revenue diversity can also afford your organisation flexibility to weather the shifts that can occur in government, the economy, etc.

And not being so reliant on a single revenue source, can give your organisation autonomy & the freedom to pursue your organisation's mission as you see fit.

If revenue diversification is on your agenda, here's some things your organisation may want to consider & think more about:-

1. Look at what your organisation currently has, and see if you can make it work harder for you, e.g.
 - a. Underutilised assets
 - b. Making more from your investments
 - c. Looking at different payment options for your existing services – e.g. subscription or retainer models, differential charging

2. Test out the financials on your potential new revenue source - by working through proper budgeting and business planning processes to see if it's financially viable, & sustainable in the long term. Think about what additional skills and experience is required; and the set up and running costs. Perhaps think about piloting something new before committing to a full roll out.
3. Look at structures: can you do this within your organisation's existing legal structures/charitable purpose, or do you need to set up a new entity, either because the activities are outside your existing purpose, or to protect your organisation from financial or reputational risk?
4. Think about stakeholder opportunities and impacts – could you partner with perhaps another organisation, etc to achieve the same objectives, or advocate for change in a different way? How will your existing supporters view your new initiative?
5. Sense check everything back to your mission, vision and values. Is this consistent with what you're trying to achieve or is it a costly distraction for your organisation?
6. Risk – is this really going to mitigate your business risks, or does it just expose you to new ones?

So, just a few things to think about to start with! If you are interested in this topic, can I suggest having a look at the video's on Revenue Risks & on Diversifying Your Business Model. In addition, the video series on Risk Management will also provide beneficial information for you. 'Bye for now, & I'll see you next time.

Related videos to watch next: all videos in our Risk Management series, revenue risks, and diversification.