

Revenue & Gross Margin Walk – Year 1 to Year 2

What is the logic underpinning your revenue and margin “walk” from one period to the next?

Insert your
prior year
numbers



Prior Year	REV = \$35,450,000	GM = \$19,497,500
Will we have customer attrition (closing, merger, lost their business)?	(\$625,000)	(\$343,750)
Will we cancel any products/services & lose the revenue & GM?	(1,250,000)	(\$687,500)
Do we project that our business will benefit from a growing market?	+\$1,175,000	+646,250
Will we generate incremental revenue from price increases?	+\$585,000	+585,000
Will we offer our existing customers something new?	+350,000	\$85,000
Are we going to get any new customers?	+\$2,350,000	+1,292,500
What is the impact of adding/subtracting sales resources?	-460,000	-\$125,000
Are we making any changes to our sales model (i.e.:leasing, SaaS, etc.)?	N/A	N/A
Are we going to add new products or services?	+\$975,000	+\$536,250
Are we going to offer any Promotions (i.e.: run “specials”)?	+\$500,000	\$275,000
TOTAL Projected for New Year	REV = \$39,050,000	GM = \$21,761,250

Example #'s

Answer each
question with
the Revenue
and Gross
Margin impact
from each

Key Questions to discuss with your team:

- Do I want to base this on Bookings or Revenues (lag time is reason)
- How will my product/service mix be changing going forward as that will impact my GM
- Is my gross margin higher on the new incremental sales growth?

Product (or Service) Portfolio Performance

Note: This chart shows how product/service categories compare to the average gross margin and average revenue growth of your business. Plot your products (or services) in relationship to your company average. Size of bubble depicts magnitude of revenues. Products and bubble placement for example purposes only.

