

# Andersen Consulting (Verraki Partners)



**Toluwaleke Adenmosun**  
Senior Partner,  
Services & Business, Verraki Partners  
E: toluwaleke.adenmosun@verraki.com

This article outlines how organisations can transition from revenue leakage, caused by internal inefficiencies and process gaps, to revenue optimisation through strategic commercial levers. It introduces five key levers: Attraction, Capture, Optimisation, Retention, and Growth, and provides actionable insights for embedding a revenue optimisation culture. The goal is to help businesses improve profitability, cash flow, and valuation by operationalising these strategies.

At the core of every enterprise, the pursuit for sustainable returns is a primary objective. Profitability is a core strategic priority for business entities, achieved by a surplus of earned revenues over the direct and indirect costs of earning such income. Companies focus on driving growth and operational efficiency to improve performance and sometimes may overlook missed revenues and revenue leakages.

## What is Revenue Leakage?

Revenue leakage is the loss of potential income caused by internal inefficiencies, process gaps, or control failures, resulting in revenue earned but not properly captured, recorded, or collected. Some common factors that contribute to revenue leakages are pricing and billing errors, contract and compliance gaps, inefficient collections, system and process breakdowns among others. It is estimated that companies lose 1% to 5% of their EBITA (earnings before interest, taxes and amortisation) due to inadequate contract management and payment follow-up processes. (Source: Forbes)

Subtle and difficult to detect, revenue leakage rarely triggers alarms, yet its impact compounds over time, quietly eroding margins, and undermining profitability goals. Up to 42% of organisations experience revenue leakage despite years of effort and billions of dollars in investments into ERP systems, making revenue leakage a widespread issue. (Source: MGI Research)

Revenue leakage has far-reaching consequences that directly threaten profitability and growth potential that include (may not be limited to):

1. Reduced profit margins when earned revenues are uncollected.
2. Cash flow constraints that hamper the ability to meet financial obligations.

## From Revenue Leaks to Revenue Peaks: Commercial Levers That Drive Bottom Line Improvements

3. Decreased perceived company value, deterring investors and impacting market capitalisation.
4. Lack of funds for investment in growth initiatives including new product launches or market expansion and for research & development, marketing, technology upgrades, and employee training.

High performing businesses recognise that improving bottom line sustainably is not just about cost control but requires sharp focus on unlocking untapped revenue potential. A revenue optimisation lens challenges organisations to look beyond surface-level sales growth and systematically activate the commercial levers that drive sustainable profitability by blocking revenue leakages.

### What is Revenue Optimisation?

Revenue optimisation is a strategic approach to maximise revenue growth by leveraging key components like pricing, demand management, and marketing strategies. The goal is to optimise revenue strategies without negatively impacting customer satisfaction or brand integrity.

1. **Pricing Strategy:** Setting prices at optimal levels for various products or services based on market conditions, perceived value, competition, and customer willingness to pay. Dynamic pricing, discounts, and promotional offers are typical tactics for pricing optimisation.
2. **Demand Management:** Market and customer intelligence to understand customer demand patterns and adjust operational strategies accordingly. Actions include inventory management, resource allocation, and aligning production schedules to meet demand efficiently.
3. **Marketing Strategy:** Targeted marketing campaigns to increase customer awareness and engagement, to drive higher sales volumes. Personalisation and digital marketing tactics often play significant roles.

### Five Commercial Levers for Revenue Optimisation

With a disciplined approach, organisations can focus on the commercial levers that unlock revenue potential without eroding margins. There are five levers that are consistently most impactful: are Attraction, Capture, Optimisation, Retention, and Growth. Each lever addresses a different pathway to value creation, but together they enable a cohesive framework to capture incremental revenue, enhance customer lifetime value, and sustain bottom line improvements.

1. **Attraction:** Strategies to attract new customers through value proposition, marketing, brand positioning, product portfolio, and effective communication. Effective attraction strategies ensure a steady inflow of qualified leads, laying the foundation for sustained revenue generation.
2. **Capture:** Sales enablement, operational control, incentive schemes, optimisation of sales channels and conversion paths to convert interest into revenue. The ability to seamlessly convert demand into sales is critical to monetise marketing efforts and improve top-line performance.
3. **Optimisation:** Extract maximum value from each customer interaction using smart pricing, promotions, demand sensing, upselling, cross-selling, and product exit to improve overall profitability.
4. **Retention:** Strengthen relationships with existing customers through loyalty, personalisation, churn prevention, win-back actions, and customer advocacy programs. Retaining existing customers is more cost-effective than acquiring new customers and is essential for stable, recurring revenue.
5. **Growth:** Drive long-term growth by expanding into new markets, segments, partnerships, product lines, and both organic and inorganic development strategies. Strategic growth

initiatives enable companies to scale revenue streams and build competitive advantage over time.

### Embedding a Revenue Optimisation Culture

Strong organisational culture aligns team values with shared goals, empowering employees to contribute more positively and efficiently, directly fuelling revenue growth strategies. Embedding flexibility, innovation, and open communication reinforces a culture where growth becomes an expectation, not just a possibility. By weaving revenue optimisation into core values and daily practices, organisations transform culture into a competitive differentiator. This cohesion attracts and retains top talent while driving innovation and operational efficiency, all essential for sustained profitability.

Open communication, inclusive leadership, and structured culture-change initiatives help ensure everyone from frontline teams to executives, understands how their work supports overarching revenue goals. Achieving a revenue-centric mindset requires that leaders model the desired behaviours and integrate revenue into performance systems, recognition programs, and strategic communication.

### Conclusion

Mastering revenue optimisation is essential to thrive in a volatile economic landscape. The principles of revenue optimisation, implementing effective strategies, leveraging technology, and staying ahead of future trends enable, businesses to achieve sustainable revenue growth and improve profitability.

Revenue optimisation is not a one-time effort but a mindset that is enabled by thorough understanding of market dynamics and customer behaviour, as well as technological advancements. By focusing on commercial levers, key metrics and continuously refining strategies, businesses can ensure long-term success and resilience.

Verraki (a member of Andersen Consulting) partners with organisations to unlock revenue potentials by operationalising strategy execution across the five key revenue optimisation levers: Attraction, Capture, Optimisation, Retention, and Growth. Through a combination of tailored strategies, data-driven insights, and innovative technology solutions, Verraki supports businesses to streamline their commercial operations, improve conversion and pricing efficiency, enhance customer lifetime value, and expand into new revenue streams. This integrated approach helps organisations to grow top line as well as drive and sustain bottom line improvements.

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