SALES REVENUE

Outcome indicator

Indicator Phrasing

English: average [select: monthly / annual] sales revenue of [specify the target group]

French: moyenne du chiffre d’affaires [sélectionnez: mensuel / annuel] de [spécifiez le groupe cible]

Spanish: ingresos medios [seleccione: mensuales / anuales] por ventas de [especifique el grupo objetivo]

Portuguese: média [seleccionar: mensal / anual] da receita das vendas [especificar grupo-alvo]

Czech: průměrná [určete: měsíční / roční] tržba [určete cílovou skupinu]

What is its purpose?

This indicator measures the sales that an individual or company receives from its business activities, usually the sale of goods or services. It is the amount of money received in a stated period of time, often known as Gross Income. Given the quality issues with measuring net income, sales revenue is often seen as the best proxy for measuring net income / profit.

How to Collect and Analyse the Required Data

Determine the indicator's value by using the following methodology:

1) **Assess the extent to which the target individuals / companies are able to provide reliable data about their sales revenue**. Companies and larger entrepreneurs in low-income countries are likely to keep accounts and should not have any problem knowing what their sales were in the given time period. However, smaller producers and service providers often do not keep (accurate) records of the income they receive. In such instances, if you need to measure their sales, you should provide them with training and coaching on bookkeeping so that they are able to provide reliable data.

What matters most is that they need to be motivated to do so – if you ask them to systematically record sales without them seeing any (substantial) benefits of doing so, it is unlikely that they will do it accurately (or at all). The period of time that you are interested in for your monitoring, evaluation and learning purposes (for example, annual sales revenue) may differ to the period of time most useful to the entity (for example, monthly sales revenue). We advise that the bookkeeping training given caters to the needs of the business first, and that data collection and analysis plans take this into account.

2) **Decide on the reporting period** (e.g. sales in the past 3 months). In doing so, consider:

i) **Seasonality**: The income of many sellers and service providers may be prone to significant seasonal variations – for example, sellers of agricultural inputs are likely to record very high sales in the months before (and during) the agricultural season but their income may shrink in the remaining months. This means that you need to:

- be aware that your choice of reporting period will influence the data you collect

- ensure that your baseline and endline data is collected using exactly the same reporting period, otherwise you will be comparing two sets of incomparable data (e.g. sales in the 'high' and 'low' season)

ii) **Producers' / service providers' ability** to provide data for the required reporting period. For example, will micro-enterprises be willing and able to keep accurate records for a period of 12 months? An ideal scenario would see these actors seeing value in the record-keeping process itself, viewing the records as of primary use to their business.

3) **Collect the required** data by reviewing the records of the targeted businesses. If you supported a small number of businesses, you can collect the required data from all of them. Otherwise, use a representative sample of the supported businesses.

If the businesses were supposed to benefit thanks to a system change that was initiated by your organization but implemented by a project partner, try to collect a list of supported businesses from the relevant partner (for example, if a finance institution launches a new product adjusted to farmers in remote areas, it should have a list of businesses which used the product).

4) **Sum up the sales** of the surveyed individuals / companies.

5) To **calculate the indicator's value,** divide the total sales by the number of surveyed individuals / companies.

Disaggregate by

Disaggregate the data by the type of business the individuals / companies do, by gender (if supporting individuals) and by the years of experience.

Important Comments

1) If you are **interested in the total revenues** of the supported individuals / companies, you can use the same methodology but skip the last step.

2) A similar methodology can also be used for assessing the **financial value of sales of a specific product / service**. If this is what you are interested in, you can re-phrase the indicator to: *average sales generated by* [specify the target groups] *from selling the* [specify the product/service] *in the past*

[specify the period]. To calculate its value:

- for each seller / service provider, multiply the total number of products / services sold by the unit price it charges

- add up the individual sellers' / service providers' sales of the given product / services

- divide it by the number of surveyed sellers / service providers who sell the product / service

3) Be aware that some people / companies might be **reluctant to share information about their sales with you** (due to a lack of trust, tax-related concerns, concerns that their competitors may see it, etc.). Before you decide to use this indicator, check whether it is likely that people will be open to sharing the data with you. Ensure that the data collectors clearly explain to the sellers that their sales data will be kept confidential and will not be shared (if you plan to collaborate directly with the companies, consider including this in your MoU / agreement with them).