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Revenue Versus Reality

A busy café can look successful. Every table is full. The coffee machine never stops. Customers are lined up at the door. From the outside, it looks like the owner is making a fortune.

But appearances can be deceiving.

What you don't see are the rising food costs, increasing wages, rent, equipment repayments and suppliers waiting to be paid. The café might be serving hundreds of customers a day and still be struggling to pay its bills.

That's the difference between revenue and reality.

Revenue is what comes in.
Reality is what's left after everything goes out

- → I've seen businesses celebrate landing a million-dollar contract, only to discover months later that it generated very little profit because costs weren't managed.
- → I've also seen smaller businesses with modest revenue consistently build wealth because they understood their numbers, controlled their cash flow and made disciplined decisions.
- → More work doesn't always mean more money. Sometimes it simply means more pressure

One of the advantages of working in commercial and mortgage finance is that I get to see businesses from the inside. When a lender assesses a business, it doesn't just look at revenue.

It asks questions like:

- ? Is the business generating consistent cash flow?
- ? Are margins healthy?
- ? Is debt manageable?
- ? Can the business comfortably meet its repayments?
- ? What happens if sales slow for six months?

That's why I often say:
The next time someone says, "Business is booming," remember this:

**Revenue tells a story.
Reality tells the truth.**

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