

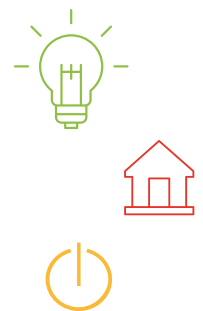
**FACT SHEET**

# Sales planning

## Quick Summary

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- A sales forecast is essential to being a proactive business owner and avoiding cash flow problems for your business
- Even new businesses need sales forecasts, but it's essential not to base these on over optimistic figures
- A sales plan allows you to keep track of your finances which allows you to make educated and effective business decisions
- Begin to understand the importance of advertising and how it can help achieve your sales plan targets



## Introduction

Regardless of the size of your business, a sales forecast is an essential task to complete. Most businesses draw up sales forecasts once a year, but they all contain a month-by-month prediction of the level of sales you expect your business to achieve. Armed with this information you can rapidly identify problems and opportunities, and more importantly - do something about them. It is always better to be proactive, rather than reactive.

By predicting specific sales, you're forecasting what you think will be sold. This is generally far more accurate than starting with a target figure and then trying to work out how to achieve it. Similar to any type of business plan/forecast, it needs to move away from any optimistic guess work and base itself on logic.

The completed sales forecast isn't just used to plan and monitor your sales efforts. It's also a vital part of monitoring your cash flow. Read Factsheet 11 for more information on cash flow and why it's so important for business longevity.

## Existing businesses

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Look at the level of sales for each customer last year. Do you know of any customers who are going to buy more - or less - from you next year? Then begin to factor in other product launches and economic trends.

In the case of customers who account for a significant value of sales, you may want to ask them if they plan to change their purchase level in the foreseeable future.

### Consider the following:

- How many new customers do you gain and lose each year?
- What is the average level of sales you make from each customer?
- Are there any particular months where you gain or lose more customers than usual?
- How much does each customer buy?

Remember every year is different, so you need to consider any and all changing circumstances that could significantly affect your sales. These factors - known as the sales forecast assumptions - form the basis of your forecast.

For specific examples and detail on forecasting visit the [Gov.uk](https://www.gov.uk) site.

## New businesses

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A new business can't rely on previous sales forecasts – because there are none available. Instead, new businesses make assumptions based on market research and realistic judgment.

### Here are a couple of things to consider first:

- Do you have customers waiting to buy from you? If so, how many?
- Have you asked potential customers if they will buy from you? If so, how much will they pay?

If you have no idea where your customers will come from, then you need to go back to your marketing strategy and start identifying your market and potential customers.

If you have done your market research, then you could begin a sales forecast by listing the number of customers you think is realistic to acquire in your first year. List them as 'New customer 1', 'New customer 2' etc. Then try to assign a realistic sales figure against each of them. There must inevitably be some guesswork here, but at least you should reach a forecast that is broadly in the right area.

Again, although guess work is involved, don't be over optimistic with your sales forecasting. It will not help your business at all. New businesses should avoid the mistake of working out the level of sales they need for the business to be viable, then putting this figure in as the forecast.

## Creating a sales plan

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Once you have finalised your sales forecast, you can create an informed sales plan. The questions your sales plan should answer include:

### What is your business going to focus on?

- If you're already trading, what are you going to change?
- In practical terms, what steps are involved to achieve your goals?
- What territories and targets are you going to give each salesperson or team?

### The sales plan will start with some strategic objectives. Here are some examples:

- Break into the local authority market by adapting your product for this market
- Open a shop in an area that you believe has the potential for generating lots of sales
- Boost the average sale per customer

It is vital you then explain the stepping stones that will allow you to achieve these objectives. Ignoring this explanation will not only lower the chances of the goal not being achieved, but it can also waste time and resources for you and your team. Using the example of breaking into the local authority market, your stepping stones might be to:

- Hire a sales person with experience on the local authority market - on a basic salary -of £24,000 - by the beginning of February

- Fully train the sales person by mid April
- Ensure that any changes the product development team has agreed to make are ready to pilot by the beginning of April

**As well as planning for new products and new markets, explain how you propose to improve sales and profit margins for your existing products and markets. It is often helpful to identify how you could remove barriers to sales by:**

- Increasing the activity levels of the sales team - more telephone calls per day, or more customer visits per week?
- Increasing the conversion rate of calls into sales - through better sales training, better sales support materials or improved sales incentives?

Again, don't forget to explain the steps involved in achieving the goal, which is in this case – the removal of these barriers. A clean plan will make it easier to execute successfully.

## Selling and advertising

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**Don't start thinking about selling and advertising until you have completed the following:**

1. Understand your product or service thoroughly
2. Identified your target market(s)
3. Developed a pricing strategy

Before you decide how to tell people about your products and services, first consider your promotional message.

**Think about about businesses USPs (Unique Selling Points). Ask yourself the following questions to start uncovering these:**

1. Why will customers buy from you rather than your competitors?
2. What does your business do best?
3. Find your niche. What do you do that no one else is offering?
4. Do you have a brand? Do you need a brand? What does your brand stand for?
5. If a customer buys from you what experience will they have? Are they buying the product or the experience?
6. Spend time on research. If you are going to be pitching to large clients familiarise yourself with their company and identify the right person you need to meet.

Small businesses are uniquely placed to maximise specialised markets because they can be flexible and adaptable and can react much more quickly to emerging opportunities.

Once you have a clear idea of what you want to tell potential customers, you can consider how to get that message to them.

### Advertising

Advertising is an important component of your marketing strategy. The aim is to promote your business and communicate the information you want to send to your intended audience, usually with the aim of increasing sales and/or brand awareness.

Advertising can be anything from your shop sign or a website, to an advertisement in a trade magazine or a 30-second radio slot.

### Advertising can provide:

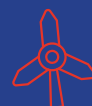
- Increased sales
- Increase your short-term sales with a specific one-off message - informing people of a special offer or a particular benefit of your product
- Prompt specific action - perhaps getting customers to visit your premises or website or use a discount voucher by a specified time
- Change people's attitudes and perceptions of your business

To continue reading about advertising, please take a look at the Factsheet titled: Media outlets and advertising.



## Need more support?

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For more information visit [www.businesslincolnshire.com](http://www.businesslincolnshire.com) where you can request support from one of our advisers by filling in the online contact form.

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