

Writing a Sales Plan

09/18/06

We're two owners of a small, growing design company. Up to now, my partner has handled overseeing delivery of our services, and I've focused on sales. That's worked well for us. As we look towards 2007, we've decided to push hard to expand the business, with the goal of adding many new customers. I know you have written about developing a sales pipeline and establishing good sales forecasting tools. Is that the same as a company sales plan and if not what is the objective?

Great question! And congratulations on looking forward to next year! As we all know, it takes time to gear up to hit sales goals. Also, the last quarter of the year, and first quarter of the next year are often the busiest periods, from a sales perspective. Using the fourth quarter this year to lay the foundation for next year will help you get ahead of the game.

To answer your question, a pipeline and a sales forecast are tools you can use to support your sales plan. The plan is your detailed statement of how you plan to accomplish your goals. Your goals, which you've stated as adding many new customers in the coming year, are the point on the horizon to which you're heading.

Think of these elements: goals, plan, pipeline, forecast, as part of a trip you're planning. The goals

would be equivalent to your stated destination, let's say you're heading to San Diego. The more specific you can be about your goal, the better. For example, do you have to be in San Diego by tomorrow, or will anytime in the next 6 months do the trick? When you get there, are you going to be on vacation, or will you be on a business trip?

The sales plan is the description of "how's". How do you intend to get to San Diego: do you plan to drive or fly, do you plan to stay overnight somewhere along the way? Will anyone be joining you for all, or part, of the trip? How long do you plan to stay when you get there, which will govern how much stuff you need to pack? How much will you pack for business attire, how much for leisure? How much money do you need to take with you? How will you get more money while you're out there? Think about it: you wouldn't just jump into a trip without answering these "how's".

Spending time defining the "how's" of your sales plan can help with next year's sales. A sales plan will help you to define resources, note where you might have problems, and think through how you might avoid, or solve, those problems. A sales plan is the preparation process, designed to smooth your trip and increase your chance of success.

Now, let's get back to your question about the differences

between forecast, pipeline, goals and plan. Think of the forecast as a list of resources you'll need to achieve your plan of getting to San Diego: number of times you'll have to gas up, if you're driving; number of planes you'll have to board if you're flying. The pipeline measures how you're doing with those resources, and can tell you when you need to gas up, or if you are running early or late for your next airline connection.

You can use the forecast and pipeline tools to figure out how you're doing along the way, and guide the actions you take to stay on track. For example, if you know your gas tank is getting low, you can pull off the road and take time to gas up. If you're flying through Chicago, and you find out you're early for your next plane, you can decide if you're going to use that extra time at the next airport to shop, or make phone calls. If you're running late, you can start figuring out which plane you want to take as an alternate, and who you'll need to notify of your potentially late arrival.

Okay, enough with the metaphors. Let's get back to the sales plan. Start by making a list of all of the "how's".

How many prospects will you need in order to achieve each sale? The number of sales you need is defined in your sales goal. The names of specific prospects you have currently is in your sales pipeline. The amount of

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time it will take to move those prospects from where they are, to closure, is defined in your forecast. In your sales plan, you have to define the total number of prospects you'll need, including how many you'll have to add to what you already have.

How will you get more prospects? Cold calling, direct mail, networking, e-marketing, can all be sources of prospects. Clarifying how many prospects you expect to get from each will help you to focus daily and weekly activities, and will help you to measure progress along the way.

How high, or low, is your likely close ratio? 1 close: 10 prospects, 1:20, or 1:5? If you have several types of sales, and sizes of prospects, you may have different forecasts, to account for the variables that go along with size and type of prospect. Look at history to figure this out. And don't tell yourself any stories about how it might be better in the future. Here, it's best to plan conservatively. If you typically close only 1:20 prospects, plan on that close ratio going forward. If you beat the close ratio next year, you'll be ahead of plan with your closes, which is similar to finding out you'll have extra time to make your connection in Chicago.

How much support will you need to hit your goals for next year? This is like defining who you want

to have travel with you. How much help would it be if you had someone to look up leads in a database, or send out introduction letters? What would be the advantage of having someone making cold calls for you? Would more networking sources help? Will you need the same kind help throughout the year, or will you need different kinds of help at different times?

How many people should be directly involved in sales, to hit next year's goals? For an owner, this is often a tough call, as owners often tend to be self-reliant, and think they can just keep piling on more and more. It may be time to start looking for your next sales person, in which case, start looking sooner rather than later, and figure you'll invest at least 6 months to find the right person.

Here are some warning signs that indicate it may be time to add a new sales person to the equation. How often do leads go without enough follow-up, and then just fall away. Who covers for you when you're out on vacation, or sick, and how well do they do at it? How many sales can you personally make before you run out of time and energy? Be careful to look at these questions as an owner, not a protective sales person. Think about when, not if, it will be time to add another sales person to the organization.

Here's another set of questions for your sales plan: How much sales will come from new vs. repeat business? How much money will the company spend on sales efforts? How much profit will sales generate – on an average account, and overall? Again, historical information will be valuable, and plan conservatively, not optimistically. Use this information to figure out how to hit your overall company goals for revenue and profit.

Finally, figure out ahead of time, what you plan to do in case problems crop up. How much do I have set aside, in emergency funds, in case things don't go as planned? How will I spend those emergency funds in order to get back on track?

By now, I hope you're getting the feel for the role of a sales plan. It defines your plan of attack, focuses you on what you have to accomplish, and gives you milestones you can use to measure progress. Go back to the example of planning a trip San Diego. You know from experience that the trip will go more smoothly, if you do a thorough job planning the trip, and planning how you will handle likely problems that could crop up during the trip. The same is true for sales. Plan out how you intend to accomplish your goals. Use your tools of forecast and pipeline to measure how you're doing along the way. Regularly refer to your list of tactics, in order to be



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sure you're using all of your resources. And have a list of emergency measures you'll implement, and an emergency fund you can tap into, if things get off track. All of that should help you to insure a successful selling experience in 2007. Good luck!

Looking for a good book? Try, *Ready, Set, Sell! How To Get From ZERO To Sales HERO In 90 Days*, by Don Mastrangelo.

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