

No Excuse for Not Hitting Your Numbers

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My sales numbers may not come in where I expected for this year. I'm not totally sure where we're off, or if we can do something to catch up. What should I do next?

One of the big challenges for any small business comes as a 2 part problem to solve. First you must learn to forecast, with accuracy and confidence. Second, you and your team must learn to do what you said you were going to do, no matter what.

Why does forecasting, and achieving plan, matter in a small business? There are lots of great reasons. If you can't predict what you're going to do for sales, it's hard to plan how you'll handle the work. If you ever want financing, lenders want to know you're in control, have a realistic plan and the commitment to deliver. If you don't know what you're going to do for work, how can you possibly know whether to allow additional spending for new hires, new equipment, refurbishing everything from the offices to the cars you drive, and the list goes on.

Having a plan, and knowing whether you're going to hit your numbers, is usually the difference between making money and living through another year of getting by. Worrying about day to day issues, when you don't know where you are, or where you should be, sales wise, can be like counting deck chairs on the Titanic. You want to be in control

of your business, and the heart of that control you want is having a plan you can deliver.

Let's start with forecasting. Start simple. How many different things do you sell? If you install products, you have at least 2 things, probably: installation and service. If you have a service business, think of the different types of customers you serve as different categories. Try to come up with at least 5-6 categories of things you sell and / or customers you sell to.

Now that you have categories, forecast how much revenue will come in from each. Break it down by month, by category. If some months are higher than others, reflect that in your breakdown.

Don't forget to forecast cost of goods sold and gross profit, once you have your revenue targets. You can do that by product line, or customer category, which will give you the most accurate picture, or you can do it overall. This important set of calculations tells you how much money you'll have to cover your monthly nut for overhead, as well as sales and marketing costs.

Compare your forecast to last year's actuals. Are you ahead, by 12% - 20%? That's a good range for most businesses to grow at. If you are, fine; if not, go back and see what you need to add to, or take out of, your forecast, in order

to get into that ballpark. Finalize your forecast.

Now compare forecast to how you've actually done through the first third of this year. Are you ahead, or behind plan, and by how much. Analyze each product or service and customer group. What's on track, what's not? For the purpose of this analysis, ignore anything that's on track, and focus only on what's not. Define how much you're over, or under.

If you're behind in any area, that's what you have to make up. Once you know how much you're behind, you can decide what you'll need to do to make up more ground – for each product or customer group, the answer is probably one of the following:

- increase the number of prospects you're talking to
- improve the quality of prospects you're talking to
- increase prices
- improve your close ratio
- find something else to sell to the same buyer

If you divide it up, you may find that you have more problems to solve, but each solution is much smaller and easier to achieve.

Meet with your employees to discuss the problem of shortfall. Ask them for suggestions on how to cover more ground. Enlist their support, by talking with all of them about the importance of



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hitting the numbers. After all, if the company hits its numbers, they'll get a paycheck, if the company misses, they might not. Make sure everyone understands this is serious, and get their commitment to solving the problems.

Whatever you do, do not behave casually. We're just over 1/3 of the way through the year. For most of you, if you get moving now, you can make up any shortfall before the year is out. Hitting your target will give you the confidence to go forward into next year. Now is the time to dedicate yourself to getting it done!

Looking for a good book? Try *Close The Deal: 120 Checklists For Sales Success*, by Sam Deep, Lyle Sussman and the Sandler Sales Institute.

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*If you are a business owner and you have a question or would like to discuss some aspect of your business, call **1.877.238.3535** or send an email to AskAndi@StrategyLeaders.com.*

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