Sales Planning

Producing Your Personal Sales Plan
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By Sean McPheat, Managing Director Of The Sales Training Consultancy

The importance of planning

Most people in sales are set sales targets. These are clear objective measures of what needs to be achieved. In order to achieve our targets we need to translate them from volume targets, expressed in units of products or services, or financial targets expressed in revenue or profit terms, into levels of sales activity.

It can be daunting to receive an annual or a quarterly target and we need therefore to break this down into daily sales activity. The overriding principles that should affect our approach to targeting are the Pareto Principle and Key Ratios.

The Pareto Principle

This principle says that 80% of our business is likely to be generated by 20% of our customer base. We need therefore to devote a greater proportion of our time to our ‘key’ accounts in order that we can make best use of their sales potential.

We need to have a customer care policy that identifies how often we should be contacting our major customers, what methods of contact are most appropriate and the variety of contacts within a specific account.

Key Ratios

The amount you sell, in the medium to long term, is directly related to the number of customers, or potential customers that you contact. Sales techniques help us to become more proficient in sales, however, ratios exist that can help us predict how much sales activity (input) is required to achieve a certain level of sales (output).

Of course we can never be totally sure if the next telephone call we make will result in an appointment being made, or that the next sales call will result in an order. Over the medium to long term, however, we will see ratios begin to emerge that will be fairly constant over time.

Let us look at a simple example of how key ratios can help us to break down targets into sales activity. Let us assume, for the example that follows that there is no repeat business involved.

Also we will assume a working year of 40 weeks. This helps us to plan for the unexpected and aims to achieve target well before the end of the year. We have also assumed an
average sales value of £5,000. This is a useful figure for breaking down our target into more manageable units.

Example 1

<table>
<thead>
<tr>
<th>Annual target</th>
<th>£400,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average sales value</td>
<td>£5,000</td>
</tr>
<tr>
<td>Number of sales required</td>
<td>80 per annum</td>
</tr>
<tr>
<td>Number of working weeks</td>
<td>40</td>
</tr>
<tr>
<td>Sales per week</td>
<td>2</td>
</tr>
<tr>
<td>Key ratio: Appointments : Sales</td>
<td>4:1</td>
</tr>
<tr>
<td>Number of appointments per week</td>
<td>8</td>
</tr>
<tr>
<td>Key ratio: Telephone calls:</td>
<td>5.1</td>
</tr>
<tr>
<td>Appointments made</td>
<td></td>
</tr>
<tr>
<td>Number of potential customers contacted per week:</td>
<td>40</td>
</tr>
</tbody>
</table>

So, we are saying, on average, we need to make five telephone calls in order to book an appointment. Of the appointments we carry out, on average, one sale results from every four appointments, and the average sales value is £5,000

Therefore, we need to make an average of 40 new contacts per week, resulting in an average activity level of 8 appointments per week. Half of these, on average will be converted into sales and with the average sales value of £5,000 we will achieve target.

**Lead Times**

Another important aspect of sales planning of which we need to be aware is lead times; that is, the gap between our initial contact with a customer and the final agreement being reached and the sale closed.

Lead times will vary between industries and can be anything between 1 week and 2 years. What they do mean is that there will be a time lag between activity and results. If you work to long lead times the results you achieve today may have been earned in previous months, or even years.

Sales techniques can help reduce lead times by making the decision to purchase more urgent and increasing potential customers' general awareness of the benefits of our products. We also need avoid the temptation of slowing down when our results are good. Lead times mean that, by doing this, our results will suffer in the future.

The other key learning points are that sales results are directly linked to activity and that to achieve consistent levels of results we need to target and keep achieving our activity levels.
Producing a personal sales plan

All of us in sales, if we are to be truly successful, must recognise the need for sales planning and be able to produce a sales plan for ourselves whether as salesperson, or sales manager. The sales planning cycle can be described as follows:

1. Set your objectives
2. Identify your resources
3. Produce your plan
4. Implement your plan
5. Regularly review your results and amend the plan as necessary

Let us begin with your objectives. Objectives need to be SMART

- Specific
- Measurable
- Agreed
- Realistic
- Time bound

A simple example could be the objective to sell £250,000 worth of contracts in the twelve months commencing 1 April. Other objectives could relate to market share, market penetration, the proportion of turnover in relation to key accounts, sales activity levels, profitability targets etc.

Resources need to be included in the sales plan, as it may be necessary to recruit or bring in additional resources for particular targets to be met. Also production capacity will need to be taken into consideration.

Once the plan begins to be implemented it needs to be reviewed on a regular basis and changes made to the original plan as circumstances dictate. Remember, all sales and business plans need to be flexible enough to deal with those unforeseen circumstances that affect all businesses.

A typical sales plan should include the following sections:

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Objectives</td>
<td>Short, medium and long-term objectives that relate to the objectives of the overall business. Analysis of sales strategy.</td>
</tr>
<tr>
<td>Resources</td>
<td>This should include details of key players in the team, sales budgets, equipment etc.</td>
</tr>
<tr>
<td>Market Analysis</td>
<td>A review of the market, which looks at the market now and in the future. This can include analysis of competitor activity and an analysis of existing Accounts.</td>
</tr>
<tr>
<td>Product Range</td>
<td>The range of products or services available for sale, new products to be introduced, old products to be discontinued. The likely ratio of volumes of each product that is expected to be sold.</td>
</tr>
</tbody>
</table>
Activity Analysis
Review of targeted activity levels by salesperson and by product. Statement of Key Ratios and average lead times.

Training Plan
A training needs analysis of the individual/team that relates directly to objectives.

Resources Requirements
Cost Benefits analysis of resources, manpower, equipment, finance etc., required to achieve sales objectives.

SALES PLAN. EXAMPLE: ABC PRINTING LIMITED

SECTION 1. Sales Objectives

My overall objectives for the year are to:

1. Achieve my sales target of £100,000, made up of £80,000 from my existing top 100 accounts and £20,000 from my potential customer list

2. Expand the range of services offered to my customers by aiming to sell across the range of services offered by ABC. Target percentages being, Black and White copying 25%, Colour copying 20%, Printing 35%, Design work 10%, other services 10%

3. To manage and maintain the database using resources from within the franchise and to add 100 new potential names to the database during the year

4. To contact all my top 20 accounts monthly and my other live accounts at least once every 2 months, with mail shots and details of special offers and promotions

5. To visit my top 50 accounts on a 6 weekly basis and to visit all live accounts at least every 12 weeks in order to identify business opportunities and sell across the range of services

6. To identify and put together a range of marketing activities during the year, that will promote the ABC name throughout the region

SECTION 2. Resources

Resources available to me include:

1. My manager
2. Support staff
3. Database of existing and potential customers
4. Marketing materials
5. Promotional offers, as agreed with my manager
6. Freelance help with prospecting and follow ups
7. Access to a company car
SECTION 3. Market analysis

Key issues affecting my market are:

1. 60% of my business is currently with 1 customer, Croddun Limited
2. There is potential to expand our business within the educational and local authority sectors
3. There are 6 direct competitors in our area, 2 of which present a real threat to our key accounts
4. Most of our business has traditionally been with full colour printing and medium sized black and white photocopying work. There are opportunities to develop more into areas such as colour copying and design, and to go for the larger black and white copying jobs, using the resources of neighbouring business partners with high volume copiers
5. Several larger businesses in the area have outsourced their photocopying and printing and there are opportunities to further expand this market sector
6. The local authority has attracted 3 major businesses into the area in the last 4 years and we need to be winning business from these companies who currently use competitors
7. We are aiming to concentrate more on Training Companies and Training Departments within companies following our success with Delta training last year. Our aim is to manage the production of their training materials and to hold the data in-house for quick turnaround and amendment of the content of the training materials

SECTION 4. Product range

Current products and services offered by ABC are:

1. Black and white copying
2. Colour copying
3. Full colour printing
4. Design services
5. Newsletter service
6. Business cards and letterheads

Potential new products and services for 1998 include:

1. High volume encapsulation
2. Outsourcing of high volume black and white copying
3. Database management

The aim for 1998 is to achieve the following product mix:

1. Black and White copying 25%
2. Colour copying 20%
3. Full colour printing 35%
4. Design work 10%
5. Other services 10%
SECTION 5. Activity analysis

Key ratios achieved to date are:

1. Mail shots followed up with a telephone call 1:2
2. Telephone calls to appointments 1:3
3. Appointments to quotations received 1:2
4. Quotations received to sales achieved 1:2, existing, 1:3 new business
5. Customers booking a second order within 3 months 1:3
6. Average sales value (approx.) £1600.00 existing, £500.00 new business
7. Average lead time: 4 weeks
8. Target activity for 1998. 15 visits per week, 50% to existing accounts

Target for the period: £100,000

Existing business target: £80,000

Average order value £1,600

Orders required 50

Conversion rates:
Quotations : orders 1 : 2
Visits : quotations 1 : 2

Quotations needed to be generated 100
Visits required 200
Potential business £20,000
Average order value £500

Orders required 40

Conversion rates:
Quotations : orders 1 : 3
Visits : quotations 1 : 2

Quotations to generate 120
Visits required 240
Total activity 440 per annum

This allows for approximately 10 new business visits a week, assuming 44 working weeks, of which around 50% are to see existing customers and 50% potential customers. This leaves 5 visits per week to do follow up calls, given the target for total activity is 15 visits per week.
SECTION 6. Training plan

1. Training to include attendance on the company Sales Training Programme, 2nd quarter 1999
2. Follow up training by my Sales Manager. 1 day per quarter
3. Attendance on internal ABC training courses, 4 days in 1999
4. Attendance on external computer course at local college, 1st quarter 1999

SECTION 7. Resource requirements

1. Use of lap top computer to record activity and produce reports
2. Additional telesales support to follow up 100% of mail shots. 12 days
3. Budget to expand mail shots to existing customers, £500.00
4. Budget to fund additional prospecting activities, £275.00
5. Budget for research purposes, £50.00

SECTION 8. Sales strategy

The first stage of the process of implementing this plan is to present it to my manager and get her agreement to my requests for additional resources and acceptance of the overall plan.

I will begin by agreeing appointments with my top 20 accounts and agree a schedule of visits for the year. I will set aside one day a week for appointment booking and sales follow ups.

I will also contact the top 50 accounts and agree a regular schedule of 6 weekly meetings.

I will source an external telesales company to help with our telemarketing within the next 4 weeks.

I will plan a series of targeted marketing activities aimed at getting appointments with educational and local authorities. The target for this is to put together a plan and implement it within the next 4 months.

I will negotiate agreements with neighbouring companies with high volume capacity and then plan a marketing exercise aimed at our top 100 customers within the next 3 months.

I will produce a hit list of 30 potential companies who currently use competitors and contact these in the next quarter. Prior to this I will discuss with my manager possible incentives to help win their business.

I will aim to meet my target of 10 new business visits per week to existing and potential customers. I will also aim to achieve the target of 5 follow up visits. If there are no follow up visits in a particular week I will use the time saved for prospecting.

I will contact all training companies on my territory over the next 3 months with an offer of managing their training materials.

I will aim to review this plan at my monthly sales meeting with my manager and amend it as necessary.