

Do You Have a Sales Plan?

**by
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Your sales team has just completed a fiscal year with good performance. Your boss is happy...therefore, you are happy. You learned some things, did some things well, made some mistakes, grew the business and, overall, feel good about what has been accomplished. The new fiscal year is here and you may be asking yourself “what am I going to do to move closer to our objective of excellence?” “How do we get better?” Do you have a plan to help with these questions?

Many managers just “start all over.” By that we mean they assign new quotas, make territorial adjustments as needed, make a few “deployment adjustments” with the available manpower (key accounts, alliances, customer base sales people, outbound telemarketing, etc.) and move onto the next twelve months. This approach has worked in the past, why should it be changed?

*“If you don’t know where you’re going,
any road will get you there.”*

...Alice in Wonderland by Lewis Carroll

We believe there are many good reasons for having a sales plan. Sales plans are like business plans in one important respect: you must have one! We can almost guarantee your performance will be better with a sales plan than without. The other important reasons for having a sales plan have to do with focus and efficiency. A good sales plan will:

- focus resources on strategic outcomes
- provide specific actions to help you achieve your objectives
- keep your sales team in alignment with key company/team goals (Having all team members pulling in the same direction is a requisite for success in business)
- keep you and your sales team focused on the correct targets, i.e., prevent the waste of precious resources on actions and programs that do not support next year’s goals
- identify Key Success Factors (KSF’s) (These are the “must haves” that, if achieved, will virtually guarantee meeting your goals)
- provide the rationale for the assignment of key tasks to team members
- provide you (and anyone else who may be interested) with a detailed roadmap of what is to be done and by whom
- leverage your company and team strengths
- help beat competition

Working with our clients and using various internet resources we have developed a sales plan template that has proven effective. We recommend key members of the management team participate in the development of the sales plan. While you may want

to include additional items or delete some items, here are the main components of a sales plan for almost any sales team:

Executive Summary

This section includes a summary of the main points of the sales plan. It should be a bulleted, high-level summary and be no more than one page long. Keep it net, factual and make sure it covers the main points in the sales plan.

Key Strategic Objectives for This Period

This section contains the key strategic objectives and goals for the coming year at a high level (revenue, penetration, and market share targets, strategic and tactical goals, and any other key changes planned for the coming year).

Current Sales Situation

The focus of this section is on the current status of the sales group and is broken into three sections. It provides the basis, justification and rationale for how you will win in the next section.

Key accomplishments last year – The first section is a review of the accomplishments of the previous year with particular attention paid to any strategic achievements. Included here would be key achievements and a brief explanation of why they occurred i.e., number of new accounts, sources of leads, new business vs. sales to existing customers, improvements in recurring revenue, changes in client size, wins vs. competition, market share, close ratios, etc. A review of the number of sales leads generated by product, channel of distribution and sales territory is warranted in this section. If there were more or fewer inquiries than the previous year, this is the place to state it.

Short-falls last year – This section reviews the areas of the previous year where performance was below expectations. Included here are the key shortcomings and a brief explanation of why they occurred. While this section can be “painful” to review, it has the benefit of helping focus on areas offering potential for improvement and frequently points to areas that, once improved, offer significant payback.

Key opportunities for the coming year – The third and final section is an opportunity statement. It includes strengths, weaknesses, risk assessment (threats) and opportunities for coming year. Given the accomplishments and short-falls from the previous year, where is the best opportunity for the sales team and company in the coming year? This section is ideal to discuss the strengths and weaknesses of your CRM system and how it will be leveraged or improved to contribute to sales success in the coming year.

How You Will Win/Tactics

Considering the findings in the section above, this section deals with identifying where the best market opportunity resides (which of the market segments offer the most potential given your differentiators), which channels of distribution to use and how competition can be eclipsed, neutralized or controlled. This section will also highlight your company's value proposition and competitive advantage and how they will be used to achieve company and team goals.

The market opportunity portion simply states where, among the options available, the best growth opportunities exist. This section will include such items as an assessment of macro environmental factors (political, industry merger and acquisition activity, social/cultural), economic factors (capital markets, scale of operations, inflation, recession, exchange rates for global operations), industry trends, effects of new technology, trends in key accounts, new markets, new products, competitive changes, sources of leads and new business, and strategic alliance plans for the coming year.

The channel of distribution portion focuses on the desired mix of revenue between direct, OEM and indirect channels. This topic is included in this section because the mix of revenue is so tightly tied to profit margins and any imbalance can cause a shortfall. For instance, it is possible to exceed revenue goals and miss gross margin targets because of an improper revenue mix.

The last section deals with competition in the industry segment being served. Positioning differs if you are one of the key players in the market or if you are a new entrant. What action has competition taken that requires attention and action? What changes is competition making? How are they shifting resources? It is common to list key competitors and describe how you plan to prevail over each of them.

Sales Objectives/Forecast

This section details the key targets (e.g., # of new accounts, average selling price, market segments, gross margins, penetration percentages by geography and market segment, alliances, etc.) to which the sales unit is committed. It is advisable to include a time-phased forecast of revenue that includes the channels of distribution along with an explanation of how the forecast will be achieved. Time-phased detailed breakouts by customer, product, market segments and alliances within each channel of distribution insure everyone has full visibility to the revenue source. Also, time-phasing is particularly useful when new products are being brought on line or when older, more mature products are being phased out.

A pipeline report showing the closing ratio of sales leads by business unit, product, sales channel and sales territory is crucial for sales and marketing to prove the ROI for marketing's spend on behalf of sales.

Key customer revenue and plans are included in this section as well. It is common for a few customers to represent a sizeable portion of a company's revenue. Therefore, providing visibility to the total revenue from each key account, defining who is responsible for achieving it and any special resources being deployed is very desirable.

It is advisable to include a worst case scenario in this section as well.

Controls and Metrics

Which control and measurement metrics will be used? Who is responsible for summarizing and reporting key milestones? When will they be available and who will have access to them?

Key Success Factors (KSF's)

This is the most important section of the sales plan for the manager and executive because it lists the top three KSF's that, if achieved, will guarantee achievement of the plan. One of my managers used to refer to these as the "critical few" which makes allowance for the absolute importance of them.

The KSF's are developed after considering all the foregoing sections for the sales plan. Based on an analysis of the preceding sections, what must the unit absolutely do to insure success? While the KSF's can be in many areas of a manager's operation, this section highlights them, puts them at the top of everyone's priority list and insures that the necessary resources are applied to the achievement of them.

Exhibits

Include in this section any research, competitive analysis, charts, graphs that support the conclusions and actions in the sales plan.

This article originally appeared in a book co-authored by Philip A. Nasser entitled, Find Lost Revenue: Uncover Hidden Causes of Common Sales & Marketing Problems, Solutions Press, Newport Beach, CA 92660, February, 2009. The book is co-authored by Patrick McClure, Mark L. Friedman, Judy Key Johnson, Philip A. Nasser and James W. Obermayer.

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