

## Sales Strategy and Budgets

**Attention Managers:** Use this for yourself. Your sales people have been given the “Don't Be A Star Sales Person” handout. The “STAR” concept is what often happens when sales people have NO personal sales plan. Review their handout for yourself as well.

Ah, its that time of year again...the baseball playoff race heats up; football season is right around the corner—and a lot of holidays provide the right excuse for not making sales calls. With all of that happening, can sales budgeting time be far behind?

One of the most amazing things is a lot of companies do a very bad job of creating a sales strategy and so the budgeting process—always tricky—is even more difficult. Well, before hair-tearing time begins, I wanted to give you a few things to think about...

**First, to do a good job of budgeting, you need to have a good strategy.** To put together a good strategy, you need to begin by answering a few questions...

- What do you want to sell? (What are the focus products or services for the year?)
- Who do you want to sell to? (What are the target customer/prospects?)
- What does a good order look like? (Define the kinds of opportunities you want your salespeople to go after?)
- Who are the competitors we want to go after? (Who are we trying to compete with?)
- How will we win business? (What is our competitive advantage against them?)

Begin by answering these questions and make sure that the management team is in agreement. If you agree on these issues, you have the basis of a strategy.

Next, be clear on how you intend to grow. Remember the format:

	Existing products/services	New products/services
Existing customers		
New customers		

Put together a chart that shows how your sales will look next year using this format. By doing this, you have now presented the sales emphasis in a couple of key areas:

1. The amount of time that needs to be spent on existing versus new customers
2. The amount of time that needs to be spent on existing versus new products

Once you have constructed this chart for your organization, as a whole, you should break it down further and create a chart for each of your salespeople. (The charts should add to your total by the way).

The third part of sales budgeting that will connect what you want with each salesperson is the Focus Account Matrix.

Remember that we want to put together a list of each existing and prospective account, by salesperson—along with a list of the focus products. The goal here is to understand the following:

**How much biz did we get? How much is there to get? How much do we think we can get (this year)?**

	Focus Product A	Focus Product B	Focus Product C
Customer A	5000,5000,5000	2000,0,0	0,0,0
Prospect 1	0,100000,15000	0,50000,25000	0,10000,2000
Customer B	0,10000,0	5000,10000,5000	0,2000,1000

In the example presented above, look at the box that contains Focus Product A and Customer B. We sold “\$0” last year. There is “\$10,000” of potential and the salesperson thinks they can get “\$5,000” in sales.

Knowing how much we sold should be easy. Getting the salesperson to accurately understand the potential is the most difficult part and putting together the plan to get the additional business requires some effort, too. But the advantages are easy to see. Instead of using generic numbers, you are both customer and product specific.

If you go through this exercise, you not only have a really good sales budget but also a tool that drives sales behaviors throughout the year. Be advised that the first year will be like pulling teeth but if you stick with it, it will make everyone’s job a lot easier as you go forward.

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