

Missed the budget already ?

Setting annual sales objectives is a crucial part of any company's forecasting and hence the budgeting process but in our experience this sales forecasting process is often misunderstood as indeed is the whole budgeting exercise. A budget is a measure of a strategy - in other words the strategy comes first and the budget is a numerical expression of what we expect the results of executing that strategy to be. Often the process is less strategic and simply is a guess at "what happens if we carry on as before" - a starting point to be sure but when the answer from this 'do nothing different' budget does not meet the shareholders objectives then managers alter the numbers and don't alter the strategy or execution that results in those numbers.



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A sales strategy is much harder to come by from Sales Directors than you would expect, setting goals based on senior managements aspirations is not a strategy. A set of shareholder expectations without reference to region, segment, market and competitive data is not a realistic way of setting targets and often reps end up with unrealistic quotas as managers respond to that shareholder expectation without challenge or a structured thought process.

Setting a sales strategy starts with gathering accurate timely and dispassionate data from existing customers, sales intelligence is a key tool and even without a change in strategy simply driving the behaviour of the average rep to be more like that of the A players results in improved results. Traditionally sales managers assumed that if you want to see significant growth then you looked at last year's performance and saw how many salespeople you had to add, however good salespeople are extremely difficult to recruit and expensive to trial. Simply increasing numbers rarely leads to a linear increase in sales yet when faced with shareholder expectations doing more of the same is often the sales management's default approach, "we'll work harder" you hear round the boardroom table so you didn't work hard last year ? Making the salesforce more efficient in the context of a sound strategic approach (ie top performers executing a winning strategy) is much more likely to deliver the desired results.

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My background is manufacturing and I'd never dream of giving an operative control of a hugely expensive machine and saying "get on and make some windows" yet throwing the car keys at salespeople and saying "get some sales" is not uncommon. If you want predictable results and top performance then a scientific approach is way more effective than relying on trust that every employee will turn out to be a 'Rainmaker'. For a company to rely solely on the relationships and persuasive powers of a small group of talented individuals is a sure way to miss opportunities and targets.

So what does a scientific approach mean ?

Targeted Propositions - tailored offerings based on what customers want so that salespeople offer the right product or service to the right customer.

Optimised Sales Intelligence And Other Processes - automated and disciplined processes and procedures that drive behaviour and allow productive planning and targeting. Dashboards but better still true sales intelligence that requires actions and reporting and pushes the performance curve of the whole sales population not just the A players.

Relentless Performance Management - Measure and manage inputs like pipeline and appropriate activity and reward the right outcomes. Select the right people and train and provide tools to improve performance, be intolerant of bad behaviours in the sales team and train that out or part company with people who 'don't get it'.

Support - systematically match sales approaches to customer channels and create teams with marketing and other support to ensure reps achieve their goals.

Sometimes a market surprise means a budget miss but more often it is a reliance on history and hope, missing a budget either over or under means that management has misread the world around them, excusable in a 2008 event but not if it's simply a lazy and unthinking approach to the task in hand.

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