SMALL BUSINESS SOLVER
YOUR FULL TIME BUSINESS ADVISOR

# Sales Forecasting

## Coaching Questions

### When you first started, what did you think the sales potential would be in the first year? Is this the same as what happened? Why? Why not?

- Actual sales figures rarely meet the entrepreneur's expectations. The best approach to help be realistic is to take your target, and realize that approximately 25% of the figure is realistic.

- Often sales are lower for a start-up as the entrepreneur has to spend a lot of time on ramping up the business, hiring people, setting up accounting, spending time on marketing initiatives, and there is a steep learning curve. This leaves less time for strictly sales activity.

- The marketing doesn't normally kick in until 1000 days later, so the sales activity isn't usually properly supported at the beginning.

### What are the biggest hurdles in meeting these sales targets? How do you overcome this or plan to overcome this in the future?

- Allotting time to sales activity is crucial. Make sure that every single day has at least 2 to 3 hours open for sales activity. If something comes up, try to push that until after hours and keep your sales activity time during business hours.

- When scaling up, one of the first people or partners that need to be found are sales people. It can take time to find this people and it could take up to 6 months to train a sales person. It takes patience and often the first year a sales person merely breaks even.

- How long does it take from when you first meet a potential customer to when they sign a contract? How long does it take for you to collect money? The sales cycle is almost always longer than anticipated. Often it takes over 6 months for a business to buy a new product or service from a new vendor, so that delays the first year's sales significantly. Start selling early.

## Do you know your conversion rates in the sales funnel? Can you improve these conversion rates?

A conversion rate is the percentage (%) of prospects that move from one stage of the sales process to the next. The major stages in the sales funnel are;

**1. Qualified**

These are the customers that match your target market customer profile. These are the types of customers that you'd like to have. Finding a lead list of these target customers and contacting them to find out if they are qualified is the first stage. You want to know how many of your leads are actually qualified; if the percentage is high then you have found a good source of leads.

An example of the conversion rate for this stage is a pay-per-click (Google AdWords) program trying to attract business customers, and you follow up with these leads via phone. If only 50% of them are actually businesses, you need to change how you attract businesses to you via the online program.

**2. Interested**

These are the customers that find your product or service of interest to them. They have a higher probability of buying from you as they understand the benefits that you could bring to them.

An example of the conversion rate for this stage is an infomercial for a vacuum cleaner at 11am. If you have viewership numbers of 10,000 stay at home moms at that hour and only 1 person calls in interested in learning more about the vacuum, you only have a 0.01% conversion rate. You may have to assume that the message or the medium wasn't effective in getting people interested.

**3. Ready**

These are customers who are ready to buy. It is the right time, they are interested, the selling proposition was convincing, and they have the money.

An example of conversion rate for this stage is a Television retailer who has 50% of their clientele who asks questions about their televisions, purchase one. You could assume that the customers probably did a lot of research online or that you have an excellent sales team!