

# Your sales strategy

**Effective marketing is crucial to the success of any business. But simply understanding your market is not enough. You need to build on your marketing plans, turning theory into profits. A good sales strategy will help you identify and take advantage of the best opportunities.**

This briefing covers:

- Clarifying your sales objectives.
- Deciding how to reach target customers.
- Planning and supporting your sales effort.
- Monitoring and improving effectiveness.

## 1 The right approach

**1.1** Base your sales strategy on your business and marketing **plans**.

- Set out in detail how you will deliver marketing objectives, target market segments and support major marketing activities, such as promotional drives. See **Planning your marketing**.
- Identify the key aims of your strategy. For example, which target markets you are aiming for and the timescales involved.
- Get realistic, accurate plans by involving sales people (see **Writing a business plan**).

**1.2** Understand your **market**. See **Research for your marketing**.

- Find out more about your customers. For example, what products they want and what level of service they expect.
- Establish when, where and how your existing customers buy.

If you sell to other businesses, identify who

influences buying decisions, who actually makes them, and who is responsible for placing orders.

- Monitor the key trends in your market, such as market changes and the activities of competitors. Take into account changing customer tastes and developments in technology or legislation. Identify the key drivers of your business. See **Key performance indicators**.

**1.3** Concentrate on generating **profitable** business.

- Rank customers in order of profitability, identifying existing, and potential, key customers. Take into account the total cost of selling to each one.

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- Identify what you are good at by analysing the activities that led to your most profitable sales last year.
- Define the benefits to your business of serving each type of customer. For example, a high-profile customer may provide you with credibility. Or, your first one or two customers in a new sector may enable you to make several other sales in that sector. Give all benefits a weighting and focus sales activities on the most worthwhile customers.
- Only sell to unprofitable customers for a good reason. For example, sales to a large customer may provide an essential regular revenue stream.
- Try to improve your gross margin on your less profitable sales. For example, you might use a cheaper sales channel (see **3**).

## 2 Your target customers

Business growth depends on creating new, profitable business with different customer types.

### 2.1 Generate business with **new prospects**.

- Target prospects efficiently. For example, analyse your top ten existing clients and identify customers with a similar profile.
- Plan how you will approach each new customer. For example, to win the custom of a key customer, you may drop your prices — creating a loss-leader — or give your product away on a trial basis.

### 2.2 Develop more business with **existing** customers.

- Set out what you will do to get existing customers to make higher value purchases, and buy different products ('up-' and 'cross-selling').
- Plan how to keep key customers happy, and build relationships (see **Building customer loyalty**).

### 2.3 Build up a mix of customers, to help safeguard your sales **revenue**.

Do not rely too much on one customer, especially if that customer is vulnerable to cashflow problems.

- Work out a sensible balance between time spent developing new business and that spent keeping existing customers happy.

- Be aware of, and manage, seasonal sales. Many businesses find that only ten months out of 12 bring income.

## 3 Reaching the customer

Once you have worked out which customers to target, you need to decide which sales channels will be most effective.

You can either sell direct or through an intermediary. Weigh the costs of each channel against the benefits it would bring.

### 3.1 Most businesses sell to customers **direct**.

Direct sales methods include selling face-to-face, direct mail, telesales and e-commerce.

- Selling face-to-face is the most expensive sales method, and is best for high-value sales. Complex products (eg customised accounting software) need to be explained and sold by an experienced sales person.
- Direct mail and telesales are more cost-effective options for lower value products. (See **Direct mail**.) For example, you might aim to complete all sales under £100 over the phone.
- Selling via your website can be the cheapest method of all (see **Trading on the Internet**). Involve sales and marketing employees in the design and layout of the site.

### 3.2 If you cannot reach your customers directly, use an **intermediary**.

- You might target customers that are individual consumers through retailers.
- If you are breaking into overseas markets, consider using an agent. Contact the British Agents Register on 01423 560 608 or visit [www.agentsregister.com](http://www.agentsregister.com) or contact the Manufacturers Agents Association on 01582 767618; [www.themaa.co.uk](http://www.themaa.co.uk).

You may need to focus on selling to the intermediaries. For example, persuading retailers to display your product prominently.

### 3.3 You may be able to **join forces** with other businesses to boost your sales effort.

- For example, related, but non-competing, companies might share customer information.

### 3.4 Promote and support your sales channels by **communicating** with your customers.

- Advertise to build recognition of your product. See **Advertising strategy**.
- Provide promotional material to intermediaries selling your product or service.  
For example, brochures and leaflets.

Think carefully about how customers would prefer to hear about, and buy, your products or services.

## 4 Sales planning

### 4.1 Together with your sales employees, prepare your sales **forecast**.

This is a detailed breakdown of the sales you plan to achieve by month, by customer and by product.

- Base forecasts on sales achieved over the last year. Take into account information about major new orders, changes to

customers' buying habits, and other factors, such as pricing and marketing activities.

- State the likelihood of achieving sales, using a percentage figure, and set out when you expect to close them.
- Agree how many leads are needed to achieve the forecasted growth. Set out how many leads should come from new and existing customers.
- Identify customers by name, or by the number you expect to sell to.
- Define the number of sales you expect from a set number of visits, calls or other contacts (your sales 'conversion' rate).
- Determine the frequency and levels of sales activity needed to achieve targets.  
For example, allocate the amount of time to be spent on each account. Remember to include the whole range of activities needed to complete a sale.
- Decide how many sales people you need to achieve your sales targets, and allocate territories or accounts (see **5.3**).
- Take into account your sales costs, including promotional materials, salaries and equipment (see **6.1**).  
Plan sales costs in proportion to the returns you expect to make.

### 4.2 Prepare your annual **sales budget**.

This is a summary of the sales forecast. It does not change, and acts as a benchmark that you can compare your updated forecasts with.

- Prepare pessimistic, realistic and optimistic versions of your budget, and plan what you will do in each case.

### 4.3 **Revise** your sales forecasts quarterly or annually, using past performance as a guide.

- Compare sales achieved with your sales budget (see **4.2**).
- If there is a significant difference between the two figures, find out why.  
You may need to plan new sales initiatives or adjust your sales expenditure.

### 4.4 Be aware of **sales cycles**. The total amount of time taken to complete a sale can have a critical impact on your cashflow.

- If you have a new, untested product or service, it may take longer to make sales.
- Work with customers' decision-making habits. For example, large organisations may be slower to reach decisions.
- Time sales drives and product launches well. For example, suppliers to the retail

### Technology on your side

The right technology can significantly improve your selling efficiency. For best results, give your sales people the training and technical support they need to use it.

**A** If you have many high-value customers and prospects, **customer relationship management (CRM)** software can be an invaluable tool.

- Get CRM software from a supplier with knowledge of your industry.
- Make sure the software lets you generate the reports you need. For example, you should be able to analyse and group your customers using different criteria.
- If necessary, make sure data can be transferred and stored across different sites.
- Feed in data from different parts of your business. For example, a sales rep should be able to see if customers are over their agreed credit limit before selling them new products.

**B** Use appropriate technology to improve **selling activities**.

- For example, you might provide your field sales reps with remote access to your intranet, so they can check warehouse supplies and input orders while on the customer's premises.

industry are geared to making sales at exhibitions at the beginning of each year.

#### 4.5 Co-ordinate sales with your other business activities.

For example, do not plan for sales that your production processes cannot fulfil.

- Plan sales campaigns to support promotional efforts (eg new product launches).
- When you have defined your sales strategy, you may need to adjust your marketing plan accordingly.

For example, your sales people may identify a new customer group to target.

## 5 Selling resources

### 5.1 Use sales **tools** to increase efficiency (see box, page 3).

- A good database or paper ordering system such as a card index is essential to manage information on customers. Where possible, link information held on different databases.
- Consider what equipment could make your sales people more productive (eg mobile phones or portable computers).

Also provide appropriate admin support to allow sales people to focus on selling.

### 5.2 Give sales personnel any **standard documents** they need.

- Include call sheets, standard contracts, proposal forms and promotional material.
- Use sales report forms to record relevant information for each customer contact. For example, customer name, reason for contact, issues covered and follow-up action required.
- Consult a lawyer to draw up major legal documents, such as long-term contracts or exclusive distributor agreements.

### 5.3 Organise and support your **sales team**. See **Managing your sales team**.

- Make sure sales people understand what sets your product or service apart from those of your competitors, and get them to communicate this to customers.
- Give sales people key information, for example about pricing, profit margins and negotiable areas.
- Get sales people to record their activities and produce weekly sales reports. These should give scores out of ten for each customer, reflecting the potential value of sales and the likelihood of conversion.

Monitor the accuracy of sales people's scoring procedures.

- Train your sales people, to improve product and market knowledge as well as selling skills (see **Selling technique** and **Negotiating a sale**).
- Monitor and drive progress in supportive, weekly one-to-one meetings.

## 6 Measuring performance

### 6.1 Conduct an annual or quarterly **profitability analysis**.

- Examine and justify the time and money spent on different customers. Focus on profitability rather than volume of sales, and the quality rather than the quantity of contact.
- Find out if turnover was lower or higher than forecasted and, if so, why.
- Analyse which sales people, and channels, are most productive, and why.
- Monitor the returns on sales costs. Distinguish between sales representative and sales support costs.
- Compare this year's sales with the previous year's, and with those of similar companies in your market (see **Benchmarking**).

### 6.2 Analyse **conversion rates** monthly, using sales people's weekly activity reports.

- Work out how many sales have been made, and calculate their average value.
- Analyse the relationship between leads, visits, proposals and orders achieved.
- Monitor activity with both new and existing customers.
- Examine each stage in the selling process to find out where you are losing the sales.

### 6.3 Identify **problems**, and find out what has caused them.

For example, you might have reductions in sales to key customers, caused by an unreliable delivery service.

- Identify dead accounts and follow them up. Making a sale to an existing customer is far easier than winning a new one. Find out why these customers are not ordering.
- Find out what percentage of your customer base no longer buys from you, and why.

## Further help

There are other Directors' Briefing titles that can help you. These briefings are referred to in the text by name, such as **Key performance indicators**.

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