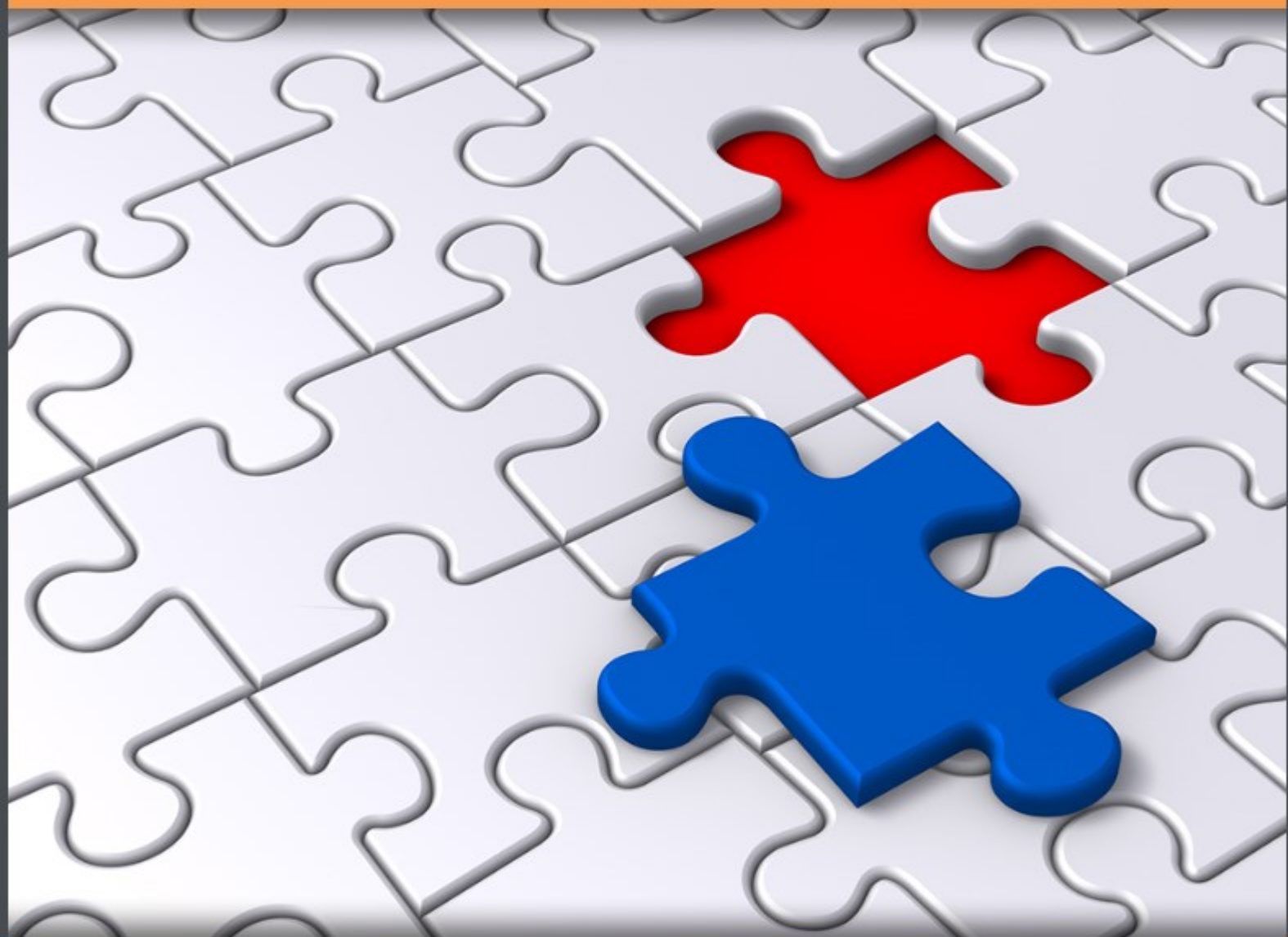


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# Sales Planning

Frank Atkinson



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# Sales Planning

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Sales Planning

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## Buyer behaviour

This book has been written to help you become more successful in sales.

The author of this publication is Frank Atkinson, founder and Managing Director of the Sales Training Consultancy. His company has trained many thousands of salespeople throughout the world since it was formed in 1989.

As National Sales Training Director for BUPA Health Insurance, prior to setting up his company, Frank was responsible for training and developing one of the most



The Sales Training Consultancy has one of the most visited sales training websites in the world. [www.salestraining.co.uk](http://www.salestraining.co.uk) and his company has an impressive worldwide client list.

Frank employs a team of highly experienced trainers who train and develop salespeople in all industries to sell more and to sell more profitably. His courses are highly motivational and fun.

In this book Frank brings his wide range of experience and expertise into play giving simple, practical and tested advice on sales and selling.

## Sales planning

Your goals for this book on sales planning are to learn about and understand why planning is such an important part of a professional salesperson's life. By the end of the first chapter you will understand why planning is important in helping you hit target and using your sales manager as a valuable resource. By the end of chapter 2 you will have learned how to write your personal sales plan and by the end of chapter 3 you will be aware of how to plan for other important sales activities.

# 1. Introduction to planning

Sales planning is an activity, or a set of activities designed to begin the salesperson to move towards achieving his, or her goals. All planning is by its' nature imperfect, but as Dwight D. Eisenhower, 34<sup>th</sup> US President and ex Army General once said of planning, "In preparing for battle I have always found that plans are useless, but planning indispensable." Effective planning requires the salesperson to put in a lot of thought, effort and hard work, but the effort is worth it in the long run. I want to demonstrate to you, in this book, that planning is simple and can be easily built into your routine.

Most salespeople, when you look at the amount of turnover they are responsible for, are running the equivalent of a small to medium business. When you begin a small to medium business the first thing your bank manager asks is to see your plan. This is why I now encourage all my delegates on the sales courses I run, to go away and write their sales plan and go and sell it to their manager. (Sales manager in this case, rather than bank manager!) Let's think first why planning is important.

## 1.1 Why planning is important

Why is planning important in sales? If you look at the role of a typical salesperson it involves lots of different activities. These include managing their time, prospecting, booking appointments, selling to customers, making presentations and negotiations. All of these activities need careful preparation if we are going to be successful and hit our targets. The problem most salespeople have, at least those who sell face to face, is that they spend such a large proportion of their time on their own. There is no direct supervision and they don't have a manager nearby, looking over their shoulder to see if they are doing things right. One of the most appealing prospects of going into sales is the freedom you are given, but to succeed you need a lot of self discipline and the ability to plan and prioritise your time.

When I discuss planning on my training courses a large percentage of salespeople admit they rarely plan and, to use the expression, 'just wing it'. Apply this to any other profession; medicine, accountancy, the law and you would be horrified at the prospect..

So, planning is important for a number of reasons:

- It gives us direction. In Alice in Wonderland, Alice is standing at a crossroads and asks the Cheshire cat "Which path should I take?" He asks "Where are you going?" She says she doesn't know. "Well then, it doesn't really matter which path you take."
- Once we know where we want to get to we can begin to plan how we are going to get there. However, we also need to appreciate that planning is never perfect. The plan is a beginning. As it is implemented things change. Our initial assumptions may prove to be incorrect, so we need to amend the plan along the way.



## 1.2 Why salespeople avoid planning

In my experience salespeople avoid planning for a number of reasons:

- They can't be bothered. Many people go into sales because they have a certain kind of personality. They are assertive outgoing and extrovert. They enjoy the thrill of the chase and interaction with customers. Planning just doesn't give them the same buzz.
- They think it takes too long. In fact, most planning activities involve repetition so when you have a process for planning it can be repeated very quickly. I have a planning process for negotiations that we will look at later. It is a simple process that makes you define your objectives, identify your information needs, look for concessions, work out a strategy and, for team negotiations, define tasks for each team member.
- I had a delegate on one of my courses, Eddie, who needed to plan for an important, upcoming negotiation. I gave him the process and asked him to let me know how he got on. I received a phone call a week later and asked him how it had gone. "It was a complete waste of time" he said, "We spent nearly a whole day planning and preparing for the negotiation and when we offered him our proposal he accepted it straight away!"
- Eddie was disappointed because he was expecting a fight that didn't happen. I told him maybe, because they were so well prepared they looked and sounded really confident and this convinced his customer he was getting a great deal. Or maybe he should have asked for more. Either way, the time spent on planning was well worth it.
- They don't know how to do it. In England a lot of companies don't spend time investing in training and development. They say that most companies in the UK spend more on their Christmas party than they do training their staff. Planning can and should be taught.
- They don't have time. This is a perception, not reality. We fill our day with activity, but how much of that activity is focused on our job purpose? If you want to find out you have to begin by writing down your job purpose. This is a summary in 2 sentences as to what your job is and why it exists. Once you've written it you can look at what you are doing right now and decide whether it is moving you closer to achieving your job purpose.

## 1.3 Planning to hit target

Most salespeople are set targets. They are expressed in monetary terms, such as turnover and margin, but can also be expressed in terms of market share, new customers, client retention and growth.

When you are set a target for the first time it is a bit meaningless. You may be told, for example, that your target is £400,000. How are you supposed to use this on a daily basis as a way of deciding what to do? Every day you have choices, but whatever you decide to do you still have to hit your target by the end of the year. My pragmatic approach to selling was always that if I hit my targets they would leave me alone. Sales managers are targeted to achieve the sum of the individual team members' targets, so if you are below target your manager is watching you.

So, we need to take that target of £400,000 and break it down. To do this we need an estimate of your average order value. To do this take your sales turnover for last year and divide by the number of orders. This is your average order value. Let's say in this example we have an average order value of £5,000. We now know we need to secure 80 orders during the year to reach our target.

Let's also assume a conversion rate of 1 in 4. That's to say for every 4 customers we sell to 1 makes the decision to purchase. We therefore need to get in front of 320 customers during the year to ensure we book 80 orders. Assuming there are 40 working weeks in a year; we do this to ensure we hit target before New Years Eve and have a bit of lee way to take care of unforeseen circumstances. So, we need an average of 8 appointments per week.

Let's say that we, on average, need to contact 5 potential customers to secure an appointment. Then we need to be calling 40 potential customers per week to get those 5 appointments. We have made various assumptions here, but what we have done is to convert the £400,000 target into an activity target that is manageable.

Our assumptions should be based on previous activity so the other learning point here is to measure all our sales activity so we can plan more accurately.

## 1.4 Planning for the short, medium and long term

In most sales environments we have short, medium and long term prospects. We may, for example have existing customers who buy from us on a regular basis. For these we need a short term plan that ensures we contact them on a regular basis and give them great customer service. Be careful with your existing customers and don't take them for granted. Most customers who leave and go somewhere else do so because of neglect.

We also need a medium and long term plan for those customers with growth potential. This where a regular account review is required to analyse what business we have done, get feedback on how satisfied the customer has been and look for future development opportunities to grow the business we do with them.

We also need plans for prospective customers. I call this my hit list and keep it to around 100 prospects I want to do business with. These are generally companies with excellent business potential. Again some are short term prospects in that they are not tied in to a medium to long term contract with a competitor, while others may be medium to long term prospects. The key here is to keep regular contact and even if they aren't willing or able to buy now try adding some value to their business so you will be considered when they are thinking of reviewing their choice of supplier.

For example. In my business we sell sales training services. Each company on my hit list gets sent by e-mail, on a regular basis, articles on sales and selling written by myself. These are also available to anyone who signs up for them on my website. They call it viral marketing. The idea is that one person sees it and, if it is any good, passes it on to someone else. So, if you were selling financial products you could add value by having a newsletter that gave interesting advice and news updates aimed at your particular customer base. If you were selling gardening equipment you could send free gardening tips and advice. If you go on the Internet to buy some software you can usually download an old version for free. The idea is to get you using the software so you are more likely to upgrade, and buy new versions.

Long term planning is important, not just for individuals, but also for organisations. Toyota is rumoured to have a hundred year plan. I would suggest for most salespeople 5 years is about right. Ask yourself the question: "Where do I want to be in 5 years time and how am I going to get there?"

## 1.5 Your manager as a planning resource

Many salespeople prefer to be managed from a distance and are more than happy for their sales manager to leave them alone. This is a mistake for several reasons:

- Most sales managers were promoted because they were successful at selling. They say that if you want to be good at something find somebody who is already good at it and do what they do. Compare your manager's selling style to your own. What do you need to improve or do differently?
- Encourage your manager to coach you on a regular basis. Get him, or her to spend time with you in front of customers, watching you sell, and get feedback. Put together a development plan for yourself that includes training courses and other development opportunities, such as training sessions at team meetings..
- When you are given your sales target sit down with your manager and discuss how he, or she wants you to focus your time and sales activity.
- If things aren't going to plan, again involve your manager early and agree a revised plan of action. If there is bad news give early and don't be afraid to ask for help.

## 2. Sales planning to hit target

Salespeople are measured by results. In most sales teams there are a small number of people who are consistently successful. Equally, at the other end there are a small number who consistently underperform. The rest do okay and have their successes, but if you want to get into the top group you need a plan.

Before I show you how to write your personal sales plan I need to go over some of the basic principles of planning.

### 2.1 Planning basics

There are some basic principles that apply to planning.

- Planning is imperfect. You can never put together a perfect plan, however the process of planning is really important as it focuses your mind on achieving the tasks ahead
- Planning begins with objectives. The most important thing here is that your objectives must be SMART. It is no good having an objective like “I’m going to sell as much as possible next year”. Objectives need to be specific, measurable, achievable, realistic and time bound. “I’m going to sell 85 new cars between now and November” is smart.

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- Plans change. Once you have set your objectives and written your plan you need to review progress on a regular basis and adjust your plan accordingly.
- Anticipate problems. Build into the plan the possibility that things can go wrong and give yourself some leeway to cope with this. You could lose a good customer, or changes could happen in the market place.

## 2.2 The Pareto principle

The Pareto principle was named after Italian economist, Vilfredo Pareto who identified, in the early years of the 20<sup>th</sup> century, that 80% of the land in Italy was owned by 20% of the people.

We can apply the principle to lots of things. In time management 80% of your effective work is done in 20% of your time. In sales, 80% of your business tends to come from 20% of your customer base.

What does this mean? It means that the first rule of sales planning is to identify your key customers and have a customer care strategy for dealing with them. Most customers leave because of neglect. Have a plan in place that minimises the risk of losing any of your key customers.

However, don't ignore the 80% of your customers who give you 20% of your business. You need to classify these into various categories which will help you identify the levels of service they need. You need to identify which of these customers are growing with potential to become a key account, which are stable and unlikely to grow or decline and which are your declining customers with no real potential; for growth.

Another aspect of the Pareto principle is that you can further subdivide it. In other words 20% of the 20% gives you 80% of the 80%. Say you have a turnover of £1,000,000 on your sales territory and you have 100 customers. 80% of your business, £800,000, comes from 20% of your customers, 20.

However, 80% of the £800,000, or £640,000, comes from 20% of the 20, or 4. In other words it is likely that just 4 customers represent £640,000 in turnover. While this is never totally accurate it has been observed that Pareto was never far away from the actuality.

Analyse your own customer base and see whether the Pareto principle applies to you and if so, what are you going to do about it?

To summarise, find out who your key customers are, that's the easy bit, then decide how often you need to contact them and put a plan together to make sure they get the best possible customer service. After that we can think about the rest of your customer base and your strategy for finding new customers.

## 2.3 Key ratios

When we go about planning our sales activity we need to be able to break down our sales target so that we can try to predict how much sales activity is required for us to meet our target. How do we do this when sales is so unpredictable? It is impossible to tell whether our next sales call is going to result in an order being booked.

What we need to do is to look back historically and see what has been achieved in the past and extrapolate these numbers, or key ratios, and use them to try to predict the future. As I said before, planning is imperfect, but by looking back historically we can hopefully predict the likely outcome of planned sales activity on our results.

Think about cold calling. In my business we set aside one day a week for cold calling and e-mailing prospective clients. We work on the basis that historically we have converted one in five cold calls into appointments. Of those appointments, one in four is converted into a paying customer.

The maths tells us that in order to secure one piece of work we need to contact an average of 20 prospective customers. This is one of the problems with cold calling. It uses up your prospective customer database pretty quickly and can be a soul destroying activity if you have a problem with rejection.

However, think about yourself as a potential customer. We all get cold calls to our home from companies trying to sell us home improvement products, or from companies promising to reduce our phone or utility bills. How often do you agree to an appointment? I would guess not very often. Our natural reaction to cold calling is to say no, or make an excuse.

Key ratios can be applied to every type of sales activity. What we need is a system to measure and record activity then analyse and extrapolate the results.

Here is a simple example. In the example I have assumed a sales target of €400,000 a year and an average sales value of €5,000. This also is assuming a single product where in a real situation there are likely to be multiple products. However, the basic theory stands up and modern day CRM software is able to cope with these issues.



Annual target	€400,000
Average sales value	€5,000
Number of sales required	80 per annum
Number of working weeks	40
Sales per week	2
Key ratio: Appointments : Sales	4:1
Number of appointments per week	8
Key ratio: Telephone calls : Appointments made	5:1
Number of potential customers contacted per week	40

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We begin by dividing the target by the average sales value. This gives us the number of sales we need to achieve in the year. We then divide this figure by the number of working weeks and get the number of sales we need to make, on average, every week. You will note I have calculated the number of working weeks to be forty.

This because we need some spare capacity to take into account things that might go wrong. (Plus, I prefer not to achieve target on new years eve. Call me old fashioned...)

Looking at the figures above, I need to 4 appointments to achieve each sale and this means a weekly activity level of 8 appointments. To generate those 8 appointments I need to make 40 telephone calls. If we assume prospective customers are contacted twice a year, I need a database of 800 potential customers.

Let me reiterate, planning is imperfect, however, the longer the time scale you measure activity and the larger the number of your salespeople who are measured, the more accurate our key ratios become.

The next thing we need to understand when planning to meet our sales targets are lead times.

## 2.4 Lead times

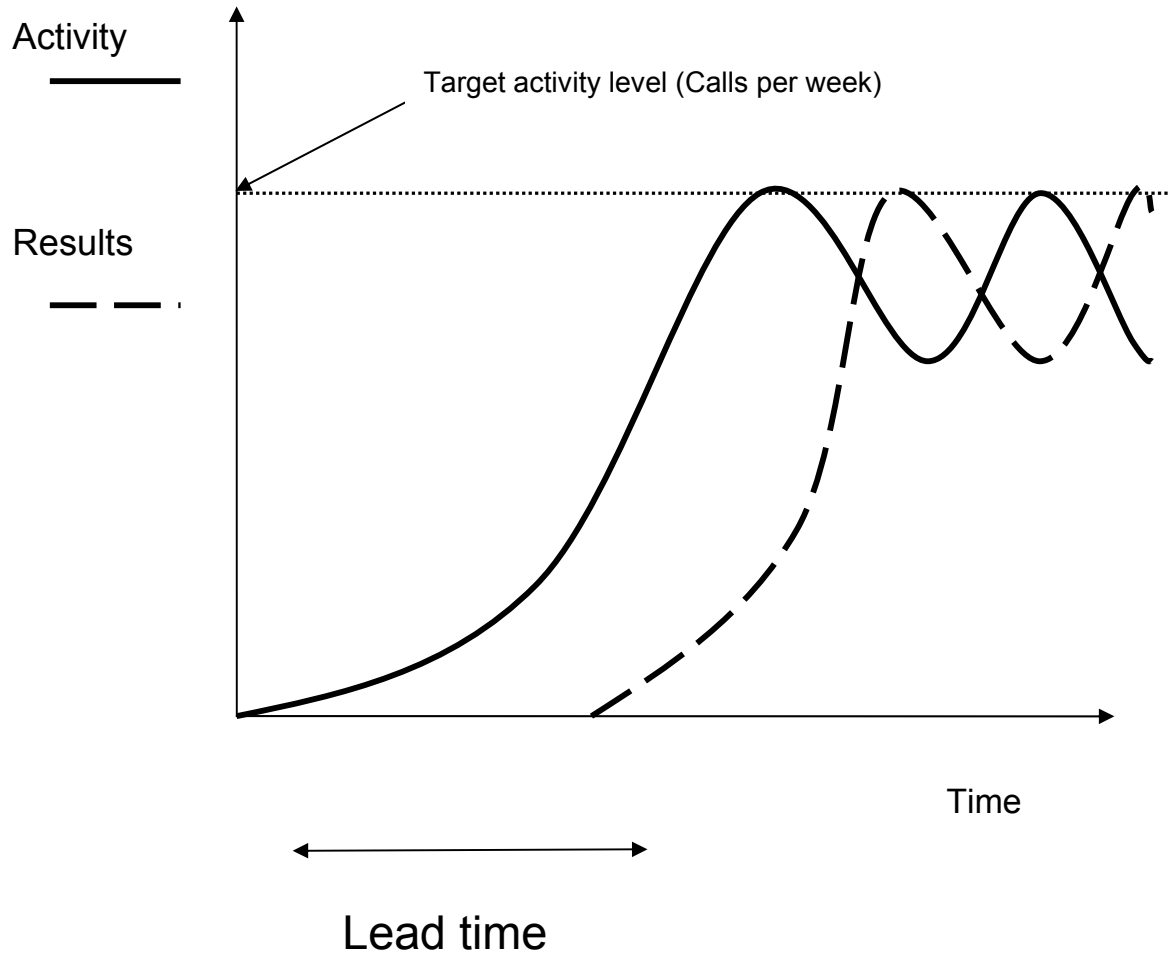
In sales, it takes time to find potential new customers. Once we have done our research and found them we need to get an appointment to meet with them. Sometimes this can happen quickly, but often we can be targeting a potential customer for months or years before it pays off.

This means it can be difficult to plan effectively, especially where you have long lead times and high value products.

Let's define lead times. To me, lead times are the gap between first contacting a customer and the sale being made. We need to understand our average lead times in order to aid planning.

In my business, our average lead time is 3 months. What this means is that sales activity that takes place today will, if it is successful, result in an invoice being sent out in 3 months time.





In the example above, the salesperson sets an activity target and eventually achieves it. Because of lead times the activity does not pay off straight away, but eventually, after the appropriate time lag, the results begin to come in.

If, for whatever reason, activity levels fall, the resulting effect on results is not felt straight away, again, because of the lead times involved.

Once results start to fall off and we increase our activity levels there is again a time lag between today's activity and future results.

The key point here for all salespeople is to measure everything and record activity as well as results. This will give us a greater understanding of the numbers that affect our business and will lead to us being more in control of our destiny.

The other key learning points are that sales results are directly linked to activity and that to achieve consistent levels of results we need to target and keep achieving our activity levels.

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## 2.5 Putting together your personal sales plan

All of us in sales, if we are to be truly successful, must recognise the need for sales planning and be able to produce a sales plan for ourselves whether as salesperson, or sales manager. The reason for this is that most salespeople are responsible for achieving a target the size of the turnover of a small to medium sized business.

If you were to be such a business owner you would need to go to the bank to get the finance needed to run the business. The first thing the bank manager would say to you is “Show me your business plan.”

A sales plan should be a working document that helps us to define our objectives, look at the resources we have available to us, analyse the market we sell in, look at our product range, calculate sales activity, identify training needs, work out our resource requirements and determine our sales strategy.

The sales planning cycle is continuous and your plan required regular review and updating.

The sales planning cycle can be described as follows:

1. Set objectives
2. Identify resources
3. Produce plan
4. Implement plan
5. Review results and amend plan

### **Objectives need to be SMART**

- Specific
- Measurable
- Agreed
- Realistic
- Time bound

A simple example could be the objective to sell £100,000 worth of Product X in the twelve months commencing 1 April. Other objectives could relate to market share, market penetration, the proportion of turnover in relation to key accounts, sales activity levels, profitability targets etc.

Resources need to be included in the sales plan, as it may be necessary to recruit or bring in additional resources for particular targets to be met. Also production capacity will need to be taken into consideration.

The plan itself needs to be flexible and to take into account any likely changes in the market, unforeseen factors (such as staff turnover and recruitment) that reoccur and any other external factors that could affect achievement of the overall objectives.

Once the plan begins to be implemented it needs to be reviewed on a regular basis and changes made to the original plan as circumstances dictate. Remember, sales plans cannot be written in stone and need to be flexible enough to deal with those unforeseen circumstances that affect all businesses

A typical sales plan should include the following sections:

**Sales Objectives.** Short, medium and long term objectives that relate to the objectives of the overall business.

**Resources.** This should include details of key players in the team, sales budgets, equipment etc.

**Market Analysis.** A review of the market which looks at the market now and in the future. This can include analysis of competitor activity and an analysis of existing Accounts.

**Product Range.** The range of products or services available for sale, new products to be introduced, and old products to be discontinued. The likely ratio of volumes of each product that is expected to be sold.

**Activity Analysis.** Review of targeted activity levels by salesperson and by product. Statement of Key Ratios and average lead times.

**Training Plan.** A training needs analysis of the individual/team that relates directly to objectives.

**Resources Requirements.** Cost Benefits analysis of resources, manpower, equipment, finance etc., required to achieve sales objectives.

**Analysis of sales strategy.** The methods by which sales objectives will be achieved.

## 2.6 Sales plan example. ABC Printing Ltd.

### SECTION 1. Sales Objectives

My overall objectives for the year are to:

1. Achieve my sales target of £100,000, made up of £80,000 from my existing top 100 accounts and £20,000 from my potential customer list
2. Expand the range of services offered to my customers by aiming to sell across the range of services offered by ABC. Target percentages being, Black and White copying 25%, Colour copying 20%, Printing 35%, Design work 10%, other services 10%
3. To manage and maintain the database using resources from within the franchise and to add 100 new potential names to the database during the year
4. To contact all my top 20 accounts monthly and my other live accounts at least once every 2 months, with mail shots and details of special offers and promotions

5. To visit my top 50 accounts on a 6 weekly basis and to visit all live accounts at least every 12 weeks in order to identify business opportunities and sell across the range of services
6. To identify and put together a range of marketing activities during the year, that will promote the ABC name throughout the region

## SECTION 2. Resources

Resources available to me include:

1. My manager
2. Support staff
3. Database of existing and potential customers
4. Marketing materials
5. Promotional offers, as agreed with my manager
6. Freelance help with prospecting and follow ups
7. Access to a company car

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**SECTION 3. Market analysis**

Key issues affecting my market are:

1. 60% of my business is currently with 1 customer, Crodunn Limited
2. There is potential to expand our business within the educational and local authority sectors
3. There are 6 direct competitors in our area, 2 of which present a real threat to our key accounts
4. Most of our business has traditionally been with full colour printing and medium sized black and white photocopying work. There are opportunities to develop more into areas such as colour copying and design, and to go for the larger black and white copying jobs, using the resources of neighbouring business partners with high volume copiers
5. Several larger businesses in the area have outsourced their photocopying and printing and there are opportunities to further expand this market sector
6. The local authority has attracted 3 major businesses into the area in the last 4 years and we need to be winning business from these companies who currently use competitors
7. We are aiming to concentrate more on Training Companies and Training Departments within companies following our success with Delta training last year. Our aim is to manage the production of their training materials and to hold the data in-house for quick turnaround and amendment of the content of the training materials

**SECTION 4. Product range**

Current products and services offered by ABC are:

1. Black and white copying
2. Colour copying
3. Full colour printing
4. Design services
5. Newsletter service
6. Business cards and letterheads

Potential new products and services for 1998 include:

1. High volume encapsulation
2. Outsourcing of high volume black and white copying
3. Database management

The aim for 1998 is to achieve the following product mix:

1. Black and White copying 25%
2. Colour copying 20%
3. Full colour printing 35%
4. Design work 10%
5. Other services 10%

**SECTION 5. Activity analysis**

Key ratios achieved to date are:

1. Mail shots followed up with a telephone call 1:2
2. Telephone calls to appointments 1:3
3. Appointments to quotations received 1:2
4. Quotations received to sales achieved 1:2, existing, 1:3 new business
5. Customers booking a second order within 3 months 1:3
6. Average sales value (approx.) £1600.00 existing, £500.00 new business
7. Average lead time: 4 weeks
8. Target activity for 1998. 15 visits per week, 50% to existing accounts

**Target for the period: £100,000**

**Existing business target: £80,000**

Average order value £1,600

Orders required 50

Conversion rates:

Quotations : orders 1 : 2

Visits : quotations 1 : 2

Quotations needed to be generated 100

Visits required 200

**Potential business £20,000**

Average order value £500

Orders required 40

Conversion rates:

Quotations : orders 1 : 3

Visits : quotations 1 : 2

Quotations to generate 120

Visits required 240

**Total activity 440 per annum**

This allows for approximately 10 new business visits a week, assuming 44 working weeks, of which around 50% are to see existing customers and 50% potential customers. This leaves 5 visits per week to do follow up calls, given the target for total activity is 15 visits per week.

**SECTION 6. Training plan**

1. Training to include attendance on the company Sales Training Programme, 2<sup>nd</sup> quarter 1999
2. Follow up training by my Sales Manager. 1 day per quarter
3. Attendance on internal ABC training courses, 4 days in 1999
4. Attendance on external computer course at local college, 1st quarter 1999

**SECTION 7. Resource requirements**

1. Use of lap top computer to record activity and produce reports
2. Additional telesales support to follow up 100% of mail shots. 12 days
3. Budget to expand mail shots to existing customers, £500.00
4. Budget to fund additional prospecting activities, £275.00
5. Budget for research purposes, £50.00

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**SECTION 8. Sales strategy**

The first stage of the process of implementing this plan is to present it to my manager and get her agreement to my requests for additional resources and acceptance of the overall plan.

I will begin by agreeing appointments with my top 20 accounts and agree a schedule of visits for the year. I will set aside one day a week for appointment booking and sales follow ups.

I will also contact the top 50 accounts and agree a regular schedule of 6 weekly meetings.

I will source an external telesales company to help with our telemarketing within the next 4 weeks.

I will plan a series of targeted marketing activities aimed at getting appointments with educational and local authorities. The target for this is to put together a plan and implement it within the next 4 months.

I will negotiate agreements with neighbouring companies with high volume capacity and then plan a marketing exercise aimed at our top 100 customers within the next 3 months.

I will produce a hit list of 30 potential companies who currently use competitors and contact these in the next quarter. Prior to this I will discuss with my manager possible incentives to help win their business.

I will aim to meet my target of 10 new business visits per week to existing and potential customers. I will also aim to achieve the target of 5 follow up visits. If there are no follow up visits in a particular week I will use the time saved for prospecting.

I will contact all training companies on my territory over the next 3 months with an offer of managing their training materials.

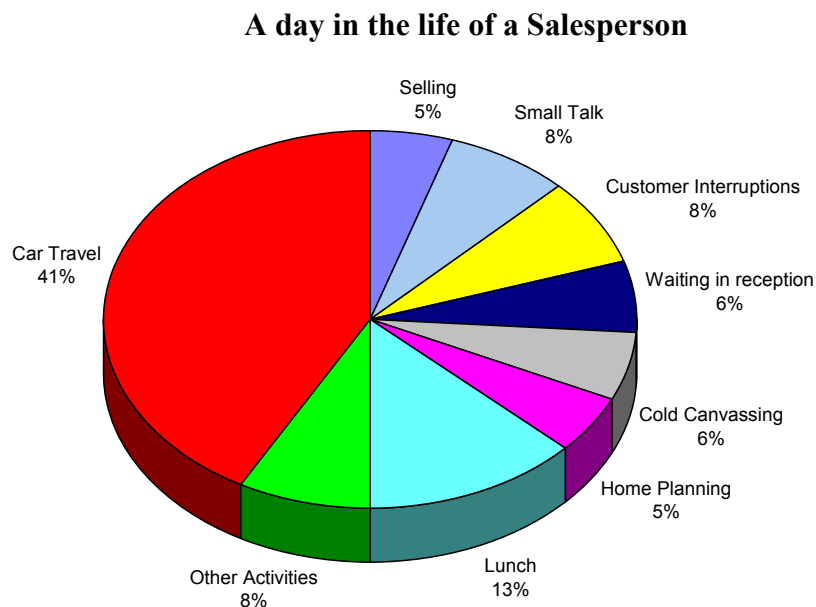
I will aim to review this plan at my monthly sales meeting with my manager and amend it as necessary.

### 3. Other types of planning in sales

Other sales activities involve planning. Planning to manage your time, planning to prospect and book appointments, planning meetings with customers and planning to negotiate. Planning is always important. Many salespeople fail to plan effectively and their results suffer as a result. Here are some ideas for improving your planning.

#### 3.1 Planning to manage your time

In order to plan our time effectively we need to understand the problems associated with time management and some of the potential solutions. Research has shown that salespeople spend different amounts of time on different activities.



What this shows is that only 5% of the time spent by the average salesperson was spent in productive selling activities. With over 40% of their time spent travelling salespeople need to plan their activities carefully and manage their diary in order to make best use of the time available.

We can categorise any work task in order of its' importance and urgency.

**Important/Urgent**

thing that **MUST** be done now or very soon and take precedence over everything else.

**Important/Not Urgent**

most of the really important things in our lives are **NOT** urgent, they can be done now or later. In many cases they can be postponed forever, and in too many cases they are! Examples of these are long range planning, self-improvement, writing an article, improving relationships. This is the area that truly determines effectiveness.

**Urgent/Not Important**

the built-in time limits ensure that these things **DO** get done. The key is to do them as quickly as possible with the minimum quality required (i.e. jot down answers to memos in the margins and send the memo back).

**Not Urgent/Not Important**

there are many things that are neither important nor urgent. We often do them because they give us the feeling of activity, or being busy of *doing something!*

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By prioritising tasks we can decide what to tackle next. How important is the task and what time deadline applies to it!

Most people set priorities according to urgency and this usually leads to three categories.

- Must be done today
- Should be done today
- To be done sometime

Try setting priorities first in terms of importance. How? By asking yourself:

Does this activity contribute directly to the purpose of my job?

Does it have a bearing of my short-term objectives?

Will it help me achieve my personal goals?

You are making an assessment of the PAY-OFF; the value to you of the activity. The PARETO PRINCIPLE or 80/20 Rule should help you to determine the high pay-off activities. The PRIORITY GRID is a way of dealing with the competing claims of urgency and importance.

#### **The Pareto Principle**

says that we tend to complete 80% of our effective work in 20% of our time

or in selling:

80% of our targeted sales come from 20% of our customers.

#### **The Priority Grid**

is a way of setting priorities by deciding on their relative importance and urgency.

	<b>Important</b>	<b>Not Important</b>
<b>Urgent</b>	Important and Urgent	Urgent but not important
<b>Not Urgent</b>	Important but not Urgent	Not important and not urgent

#### **The priority grid**

A final consideration is the TIME/BENEFIT RATIO; unimportant and perhaps non-urgent things are sometimes best done now, so leaving you free for more vital things. Then again it can be best to delay important items until you have an uninterrupted block of time.

The key learning point from the priority grid is that we need to set priorities in terms of their importance, as well as their urgency. Effective time managers use the time they save, to begin or continue work on important tasks that don't have an urgent time deadline.

This is the payoff from Time Management.

### 3.2 Case study. Donald's day

Donald is a salesperson for Alma Computer systems. He is responsible for sales in his region, which covers the north east of England from Lincoln in the south, up to Newcastle in the north and is bordered by the Pennines in the west. He lives in Leeds., which he finds reasonably central. His Divisional Sales Office is based in Manchester.

He has a busy day ahead and has booked 4 appointments; the first being in Middlesboro' at 10.00.

- 8.00 He sets off from home at 8.00 giving him plenty of time to travel the 63 miles to Middlesboro' and do some preparation for the meeting, which is with a potential new customer. He has gone about 15 miles when he realises that he has left some samples at home that he needs for a presentation in the afternoon. He turns back, but hits the rush hour traffic and arrives back at his house at 8.50. He grabs the samples from his garage and sets off again
- 9.30 Travelling up the A1 he gets stuck in traffic. He seems to remember hearing on the radio that major roadworks were taking place for the next 3 weeks. Maybe next time he will try the A19
- 10.15 Arrives in Middlesboro'. Gets to his appointment, but is kept waiting in reception for 15 minutes. Reads the paper and chats to the receptionist.
- 10.30 Meets with his contact Harry James. Harry informs him that the company is being restructured and his new contact will be John Evans. Donald agrees to book a meeting in 4 weeks to meet with John.
- 10.55 Donald sets off for his 11.00 appointment in Sunderland, 26 miles away. He is going to check on the progress of a system, which was installed 6 weeks ago.
- 11.35 There are no problems and Donald has a coffee with the Systems Manager before setting off for his next call which is in Washington, just outside Newcastle Upon Tyne, about 7 miles away. Donald gets a call on his mobile. He pulls into a lay-by. It is an irate customer who has had some technical problems with a system. The call takes 25 minutes.

- 12.15 Donald arrives in Washington for his 12.00 meeting. His contact, Bethan James is not at her office and her secretary is not aware of Donald's appointment. Donald agreed the appointment verbally with Bethan when he met her at a recent trade show at the NEC. Donald goes to the Little Chef for his lunch.
- 1.00 Donald's next meeting is in Newcastle at 3.00. Due to the cancellation he has 2 hours to kill. He decides to catch up on some paperwork, but has left it at home. He rings round a few customers on his mobile and gets 2 meetings for next week
- 3.00 Donald has a meeting with Bill Evans in Newcastle. The meeting goes well and Donald makes his presentation and agrees to prepare a proposal and book a further meeting to discuss it in more detail.
- 4.40 Donald sets off for home; arriving back at 6.30.
- 6.30 He reads his e-mails and writes his visit reports for the day. His wife is giving him some grief because he forgot it was the open evening at his son's school, but he has to have his reports in the post so that it arrive at the office by first post tomorrow. His manager insists the team do this, so Donald has no choice
- 8.30 Donald is finished for the day. He is tired and stressed out, but feels it has gone okay. The Newcastle job looks promising and hopefully tomorrow will go better.

## Donald's day. Worksheet

Having read about Donald's day, what would you say to Donald about his time management practices?  
Write down what Donald should do to improve his time management.

### 3.3 Planning to prospect and book appointments

Prospecting and booking appointments are really important sales activities. Given the choice most of us in sales would probably avoid these activities altogether. However, they need to be done. Like washing dishes and cleaning the house, if we don't do them, we suffer in the long term.

So, let's get real about prospecting and booking appointments. It's a numbers game. We all have this image of top salespeople being super-human and having talents the rest of us lack. It's not true! Most of the really successful salespeople I know have a simple system that works and they apply it every day, over and over again.

It's all about numbers. If you made 10 cold calls right now how many would you convert into an appointment? You don't know. However, let's say you make an average of 20 cold calls a week for the next 45 weeks. That is 900 calls. Logic tells us that somebody out there wants to buy what you have to sell, so you are going to get some sort of a result.

However, in my business, I like to make it a bit more subtle than the person who gets a copy of the phone book, or yellow pages and starts from the front and works his, or her way through. I have a list of 500 potential prospects that I have gathered over the years, which represents the most likely businesses who are, hopefully, going to buy from me in the future.

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My initial contact is by phone. I do my research via the internet and other media to identify the business and try to find out the name, or names of contacts I need to talk to. As I am selling Sales Training, this would be the Sales Director, Managing Director or a senior Sales Manager. I then try to make contact with them. Sometimes it works and I speak with them direct, or sometimes it is with their PA or Secretary.

My objective is to get an appointment; however, if this fails I try to get them to agree to receive information on my company and the range of services we offer. This is then followed up with another call to sell the appointment.

Our success rate is that we get agreement to an appointment from 1 in 5 of the potential clients we contact. Of these 1 in 3 convert into paying clients. So, the numbers tell us that the 900 calls made each year result in about 180 appointments and these give us 60 new clients. This is heavily biased to new business because of the industry we are in. In your business the numbers could be far smaller if your list of potential clients is smaller.

Here is a summary of planning and prospecting to book appointments:

1. Do your research. Sources of information include the internet, bought lists, referrals, directories, local knowledge
2. Try to identify companies who are most likely to buy your products or services. Put together a profile of your typical customer
3. Prepare your hit list
4. Plan prospecting time into your diary
5. Keep the list up to date
6. Write a script for your cold calls
7. Work on the 3 stage process; telephone call, information sent, telephone call
8. Keep your records up to date
9. Record your activity and measure your conversion rate

### 3.4 Planning meetings with customers

Having booked the appointment to see a potential customer it is important for us to plan and prepare effectively for the sales meeting. One important aspect of planning is the setting of sales call objectives

**Sales Call Objectives** should be set prior to the call taking place. To be effective your sales call objectives should be SMART:

- Specific
- Measurable
- Achievable
- Realistic
- Time bound

Also, it is important to have at least two objectives for each call

### Primary Objective

What you wish to achieve from the call. This is your main objective, such as, 'to sell a specific product to the customer'. Also, before you go into the call, think of the person who you are about to visit. What do you know about them? Based on the information you have, think about things like:

- What questions do I need to ask?
- What kind of products is this person most likely to need?
- What would motivate this person to buy those products?
- What would I be looking for from the sales call, if I were the customer?
- What assumptions can I make, before the call that can be tested out during the call?

### Secondary Objectives

These are 'back-up' objectives in case you fail to meet your primary objective. For example, 'to gain the customer agreement to a follow-up call, in three months, to review their position', or 'to update the customer on our existing product range' By having both sets of objectives you are able to be successful even if your primary objective is not achieved

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## Visuals

Being well prepared also means having a supply of the appropriate literature plus any equipment or sales aids that you will require to carry out the call successfully.

## Questions

To be thorough and well structured with our questions is important. We need to base our questions around the following key areas:

- **The contact**
- **The organisation**
- **Current supplier**
- **Problems**
- **Needs**
- **The decision making process**
- **Competition**
- **Finance**

## Agenda

You need to have a think about your agenda for the meeting. This basically tells the customer who you are, where you are from and what is going to happen during the meeting. The purpose of the agenda is to gain control and earn the right to ask questions.

An example of an agenda is:

*“Thank you for seeing me today Mr. Smith. As you know my name is Frank Atkinson from TSTC Limited. You may not be aware, but at TSTC we offer a wide range of training products and services. “*

*“In order to see whether any of these might be of interest to you, I need to begin by asking you a few questions. Would that be okay? “*

*“Firstly, is there anything specific that you would like to discuss at today’s meeting? “*

## Attitude

The final part of preparation is to be positive about how you envisage the final outcome of your sales visit. Think success!

Successful people often visualise a positive outcome before even meeting the customer. They are confident and expect to do well. Think positively and imagine yourself after the call is over, with a positive result. You will not always be successful, but thinking positively will make you successful more often.

### 3.5 Planning to negotiate

In any kind of negotiation the planning stage is probably the most important. Too often in sales negotiations we go in badly prepared and end up giving too many concessions that reduce the overall profitability of the final deal and give the customer unrealistic expectations for what they can achieve in future negotiations.

Generally, the more time that is spent in planning and preparing for the negotiation, the more beneficial will be the final outcome.

There are 5 key issues to consider when preparing for a negotiation:

1. What are my **objectives**?
2. What **information** will influence the final outcome of the negotiation?
3. What **concessions** have I got to trade with. What is the cost and value of each concession??
4. What is the most appropriate **strategy** for this negotiation? What is my plan of action?
5. What **tasks** will you and other members of your team be responsible for in the negotiation?

#### Objectives

Before entering into the negotiation, you need to have a clear idea of your objectives and those of the other side. Ask yourself the following questions:

1. What exactly do I wish to achieve from this negotiation?
2. In this negotiation:
  - a. What is my best outcome?
  - b. What other outcomes may be acceptable?
  - c. What is my worst acceptable outcome?
3. What options or alternatives would be acceptable to me?
4. What are the other sides' objectives?
5. What options or alternatives might be acceptable to them?

### Information

It has often been said that information is power. In any negotiation, there will be 5 types of information that will influence the final outcome.

1. What information do I have that the other side has also?
2. What information do I have that the other side does not have?
3. What information do I need to find out before negotiating with the other side?
4. What information does the other side need before it can negotiate with me?
5. What information am I prepared to reveal to the other side?

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**Concessions**

When preparing for negotiations, ask yourself the following questions:

1. What concessions are available to me other than price?
2. What is the cost of each possible concession?
3. How much value does the other side place on each concession?
4. What is non-negotiable in this negotiation?
5. What is the limit of my authority?

**Strategy**

Ask yourself the following questions:

1. How am I going to achieve my objectives in this negotiation? What is my plan of action?
2. What is the strategy of the other side likely to be? How do I expect them to behave?
3. What tactics should I use within the negotiation?
4. What tactics are the other side likely to use?

**Tasks**

If you go into negotiation with a colleague or colleagues, you need to decide during the preparation phase:

1. What role will each team member take in the negotiation?
2. How can we work together in the most effective way?

Some teams of negotiators appoint team leaders, note takers, observers and specialists, each with their own clearly defined authority and roles to perform. Having a clear understanding of roles within the negotiation will make the team approach much more effective.

**Before the negotiation**

1. Do your research. Look at their website and any information you have on the other side and the outcomes of previous negotiations
2. Speak with your manager. Make sure he, or she is involved in the planning process and that you have their full support
3. Have a pre-negotiation meeting with the client, if possible, to find out information on:
  - a. The people on their side with whom you will be negotiating
  - b. Their organisation; issues happening in their business that will influence the final outcome
  - c. Their decision making process; who is involved, how they will decide and what timescales they are working to?
  - d. Current supplier, or suppliers with whom they currently do business
  - e. Competition; others who may have been invited to quote for the business
  - f. Problems that they are looking to solve as a result of the negotiation
  - g. Their needs. What are they looking for from the company that is successful in the negotiation? What are their main needs; price, service, product features?
  - h. Financial issues such as budgets, discounts and payment terms
4. Make a list of information you will need to find out during the negotiation
5. Practise the negotiation with colleagues

The more preparation you do the better the outcome will be. My most important tips to any negotiators are:

1. Try to be confident. Look and feel as confident as possible. Remember, they have as much to gain as you from reaching agreement
2. Take your time. Most salespeople negotiate too quickly and give concessions too easily. Slow down
3. Calculate the cost of concessions. Don't agree a concession until you understand the cost of agreeing to it
4. Adopt a low key approach. Try not to look too eager

## Summary

Review your approach to planning and build time into your busy schedule for planning activities. Write your own sales plan and have it agreed with your manager. Remember: “Failing to plan is planning to fail”

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