

Marketing rx

[Business](#), [Marketing](#)



In our recently included mid-year sales conference, our CEO tells us that it looks like the economy will continue to do well if not even better. So, he says that for next year, there's every reason for us to be able to meet our sales quota. He adds that we should start setting up our sales campaign for this. We do our own sales forecast after the Board gives us our sales quota which they say comes from their annual business planning. For our sales forecasting, we use the "building block technique" that we learned from attending your Accountable Marketing seminar.

So we ask our seven sales district managers to make an estimate of each district's likely sales for the following year based on the estimated likely sales from each sales territory of a district. The total sales forecast is the sum of the following year's estimated sales from the seven sales districts and their territories. The Board and our CEO allow us to present to them but all we hear is that our presentations have been "noted" but we have never seen the sales quota revised to reflect what they claimed to have noted.

How can we convince our Board that they should consider our sales forecast and make the necessary revisions in their sales quota setting? A: In helping several companies develop their marketing plan, we have often come across situations similar to yours. In most cases, the Board speaks through the CEO or president. It is also the usual case that the sales quota that the CEO hands out to Sales is what the corporate strategic planning generated. The Business Plan is summarized in three pages consisting of the Projected Income (or Profit & Loss) Statement, the Projected Balance Sheet and the Projected Cash Flow.

Whiffs the lead manager of each of these 3 Fuss (or Financial Statements)?

The Accountable Marketing seminar you mentioned argued that Marketing and Sales are the Income Statement managers. These two are responsible for the top-line sales or revenues of the Income Statement. That's the fundamental reason for considering them as the Income Statement managers. Then after the COG (Cost of Goods), marketing and sales expenses make up the Statement's largest mid- line cost Items.

These expenses would Indeed be the largest cost Items If they were to Include not only the sales reps' salaries and wages but also the depreciation costs ND the costs of maintaining and using those sales reps' vehicles plus their commissions and bonuses. If you add to these, Marketing and Sales' participation In the COG appropriately defined not as Cost of Goods manufactured but as Cost of with supply chain, inventory and manufacturing. It is along the foregoing that before your Board or the CEO, you in Sales can define in a more compelling way your role in the sales quota setting.

In fact, if you will convince yourself about this role, you should be proactive about the Board's sales quota setting. Do your sales forecast and vive it to the Board before its Creators Planning schedule and as a (if not the) major input in their formulation of the projected income statement. This way, you can negotiate to be a participant in that annual Creators Planning event. Before you do any such negotiation, however, you should undertake two other significant preparations. The first of these is to review and sharpen your sales forecasting. You said that you are applying the " building block technique. In our Accountable Marketing seminar, we qualified that this is

not a stand-alone technique for sales recasting. We underscored the critical importance of adjusting the resultant projected sales from this technique according to what you anticipate will be the competitive reactions to your sales campaigns, and the evolving industry dynamics. You have to do this sales district by sales district, and sales territory by sales territory. Please go back to your seminar manual for the details of these two adjustment factors. The second preparatory item to attend to is about your district by district and territory by territory sales forecast.

You should bring the data you've obtained on these district and territory differences and variations to your Board's Creators planner or planning team. As we've stressed in the Accountable Marketing seminar, those district and territory differences and variations should then be utilized to revise the Business Plan. It is this revised National Business Plan that now becomes your more realistic basis for your district and territory sales campaigns and action plans. We are not privy to the organizational and corporate planning dynamics in your company.

Therefore, we cannot give you specific prescriptions regarding how oh should go about in bringing this vital process to happen. Just keep in mind with a word of caution what our Accountable Marketing seminar gave: " If you don't revise your national marketing and sales plan to take account of your district by district and territory by territory differences and variations, it is by pure chance that you will meet your sales quota and/or secure the all-important buy-in from your sales implementers about the national plan. " We close with

these words. We agree that your Board should consider your own sales forecast.