

Sales Tip #4: Setting Activity and Productivity Goals – Creating A Sales Success Scenario

Goal: Use a mathematical process for setting activity and productivity goals based upon your personal income objectives that results in a Sales Success Scenario custom built for you.

Message to Sales Managers:

Getting sales people to buy into sales goals is often challenging. Starting with a sales person's income objective, and working backwards to establish supporting activity and productivity goals using a data-driven process achieves real results and buy-in from everyone involved.

Best Practice:

Follow these steps to establish activity goals that both sales people and their managers will buy into:

1. Target your annual income objective
2. Based upon your compensation plan, estimate the sales you will need to close in order to meet your income objective. Note that this sales goal should be at least equal to, if not greater than, your assigned quota.
3. Analyze your current customer base. How much of your sales goal do you anticipate will be met by repeat business with existing customers? The remainder is your New Business Sales Goal.
4. Answer the following questions:
 - a. What percentage of qualified prospects who you meet with will end up buying? Try to use historical activity data to figure this out. If the data is not available, make your best educated guess.
 - b. How many times on average do you meet with new prospects before they buy?
 - c. Based upon historical data, what is the Average Sale Price for new deals?
5. Do the math to calculate your New Business Goals:
 - a. New Business Sales Goal = Total Sales Goal – Expected Sales from Existing Customers
 - b. Number of New Deals Needed = New Business Sales Goal / Average Sale Price
 - c. Number of First Meetings with New Qualified Prospects = Number of New Deals Needed / Percentage of New Qualified Prospects who will end up buying
 - d. Monthly Activity Goal with New Prospects = (Number of New Deals Needed x Average Number of Meetings with New Prospects) / 12 months
6. Repeat steps 4 and 5 (with the obvious modifications) to set goals for repeat business from Existing Customers

If your resulting activity goals seem unattainable, consider modifying the following variables to create a Success Scenario that you are comfortable with:

1. Increase your average order size. If you can sell bigger deals, you will need less activity to meet your income objectives. Ask yourself:
 - a. What kinds of products or services should I focus on selling to accomplish this?
 - b. What target markets or industries lend themselves to larger sales?
2. Increase your effectiveness. Ask yourself:
 - a. How can I shorten my sales cycle?
 - b. How can I increase my closing ratios? What sales skills or what areas of the sales process represent my greatest opportunities for improvement?

By selling faster or with fewer meetings, you can sell more with the same amount of effort. Likewise, if you can close a higher percentage of your prospects, you can meet your income objectives with less effort, or significantly exceed your income objectives with the same amount of effort.

How Salesforce.com can help:

1. Create a personal dashboard with Gauge dashboard object to track your progress against your goals.
2. Install HarvestGold's Personal Sales Goals from AppExchange. It is a free application that gives you a starting point that you can customize to automate the goal-setting process outlined above.

I hope that this approach helps you to think in a more data-driven way about goal-setting. As sales people, we are in control. Use the numbers to your advantage, and create a Success Scenario for yourself that ensures that you will meet or exceed your personal income objectives.

Good Selling everyone!

Steve