

## Work Backwards To Sales & Marketing Success

Most of the time, when someone tells you that you're going about something backwards, you can assume they're being critical. In the case of your sales and marketing planning efforts, though, going backwards is exactly the right way to go. It's very difficult to predict what your sales figures are going to be for the next full year with any great accuracy, especially if you're unsure about market conditions. But it shouldn't be as hard to establish a sales goal; in other words, what you *want* your sales to be.

And if you can do that, it's really pretty easy to work backwards through the actions it will take to turn your goal into reality.

### Marketing Is Measurable

It's especially easy if you have been tracking the results of your sales and marketing efforts in the past. For example, if direct mail is part of your "marketing mix," how many positive responses do you generally get from each mailing? What is the percentage of positive response? And what is the average annual sales volume attributable to each positive response?

What's that? You don't know the answers to these questions? Well, that probably makes you more typical than anything else in this industry. Quick printers as a whole are not very sophisticated marketers, but that can change! You can change! You can build measurability into your marketing, and that measurability can help you to be a much more effective marketer.

Building in measurability requires two things; a "response device" which clearly identifies the customers who are attributable to any one of your marketing efforts, and a "capture system" which allows you to track that customer's total value.

A response device can be as simple as a coupon, or as complex as a special telephone number to be used only for a particular marketing program. A capture system can be as basic as a handwritten spreadsheet, tracking the purchases of any group of customers you can attribute to a specific marketing program. I think a far better choice, though, would be one of the industry-specific estimating/business management software packages available to you, like PrintSmith, Printers Plan, or printLEADER. With PrintSmith, the one I'm most familiar with, it's a very simple matter to code in the origin of any customer. That puts information like the average annual sales volume attributable to each positive response to a marketing plan right at your fingertips!

If you don't have that kind of information right now, I hope you'll consider the value in starting to collect it now. Fortunately, that situation doesn't preclude you from "working backwards" in your immediate sales/marketing planning. You'll have to use assumptions, though, in the absence of specific historical data. Your forecasting won't be as accurate, but it will still give you a lot more going for you than raw guesswork.

### Good Historical Data

Let's start with a best-case scenario; a quick printer who has built measurability into his/her direct mail program, and tracked the sales volume from respondents. For the sake of our discussion, we'll say that 12 monthly mailings of approximately 1000 pieces each totaled 12,454 pieces mailed, and generated 216 positive responses.

That's a 1.7% response rate, but don't read anything into that percentage as to whether it's good or bad. What it represents is simply the reality for that particular quick printer. Yes, there may very well be ways to increase the response rate through better design, a better mailing list, or a more attractive offer, but those are not the issues I want to discuss with you today. This part of today's discussion is about planning based upon *what you know*.

So, again for the sake of our discussion, we'll say that these 216 positive responses translated into initial orders totaling \$27,550, and overall annual volume of \$56,225. That gives this quick printer's direct mail program an average initial order value of \$127.55 and an average annual order value of \$260.30.

Now, let's say that this quick printer sets a sales goal for the new year that calls for \$70,000 in new business attributable to the direct mail program. The arithmetic is pretty clear: an average annual order value of \$260.30 divided into \$70,000 requires 270 positive responses to the mailing program. With the historical data indicating a 1.7% response rate, the total number of pieces mailed now has to climb to 15,882, or approximately 1325 per month.

## Using Assumptions

As noted, most quick printers probably won't have such accurate historical data. But you can still build a working forecast model using assumptions. For example, you might start with the assumption that each positive response to your direct mail program will translate into an average of \$250 in sales volume in the next calendar year. You might also assume a 1% response rate. (Please consider this: when you're working with assumptions, it's better to be conservative and happily surprised than to base your cash-flow planning of overly optimistic sales assumptions.)

With those numbers, the arithmetic is again pretty clear. If you want to increase your sales volume by \$25,000 directly attributable to your direct mail program, you need 100 positive responses to your mailings, and with a 1% response rate, that means you have to send out 10,000 pieces of mail over the course of the program.

## Direct Sales Planning

You can use the same sort of "backwards" approach in direct sales planning. In fact, this is the primary technique I teach in sales management seminars. As I often tell printing sales managers, it's not always easy to evaluate a salesperson's performance according to the volume of business he/she is bringing in. That's especially true with new salespeople, who aren't bringing in much of anything. It's a lot easier to manage by a series of "action standards"—how many cold calls, how many phone calls, how many sales letters, how many appointments, etc.

Whether by historical data or by assumption, you might develop a model that tells you that an average outside-sales customer is worth \$3000 in first year business. With a sales goal of \$100,000 in new business attributable to an outside salesperson, that salesperson has to develop something like 33 new customers in a year.

In the course of working backward, you look at all the steps in the sales process. The way I teach it in my PRINTSELLING seminar, the process starts with a cold call to get the name of the decision-maker; then a letter to pave the way for a phone call to ask for an appointment; a first face-to-face conversation about customers needs; and at least one more face-to-face conversation to talk about how your company can meet those needs.

As you build these steps of the selling process into your model, you might know or assume that one of every three prospects who gives you the opportunity to come in on a second appointment will become a customer; that one out of every four prospects who sees you once will agree to see you a second time; that one out of six prospects you write to and call on the phone will agree to a first appointment; and that only seven out of every ten cold calls will even be worth following up on with a letter and a phone call.

Here's how those numbers would play out in your "working backwards" planning. In order to gain 33 customers, you'll need to have 99 second conversations (*1 out of 3*). In order to gain those 99 second appointments, you'll have to have 396 first conversations (*1 out of 4*). In order to gain those 396 first appointments, you'll have to send out 2376 letters and make the same number of phone calls (*1 out of 6*). And in order to come up with 2376 prospects worth following up on, you'll have to make 3394 cold calls (*7 out of 10*).

Now here's the value in this kind of "working backwards" sales planning. If you base your planning on 50 working weeks each year, a salesperson who religiously makes 68 cold calls each week *will make all the rest of it happen!* That's a much more effective approach than "go out and make a lot of cold calls and we'll hope something good comes out of it."

(By the way, that may seem like a lot of cold calls, but the "learn something/leave something" cold call technique I teach seldom requires more than 5 minutes on any single cold call. A salesperson "canvassing" a building or an office park could easily make the 13 or 14 daily cold calls required in this scenario in two hours or less.)

## Planning For 1997...And Beyond

As you work on your sales/marketing planning for 1997, I hope you'll give some thought to the "cause and effect" relationship behind successful planning and implementation. I think it's a fair observation that most quick printing industry sales/marketing under-performs, and for a single reason: because nobody really knows "how much" to do. The secret is not to "guess forward;" it's to "work backward" from the results you desire.

As you look at the challenge of growing your business into the future, I hope you'll give some very serious thought to building measurability into your sales/marketing efforts, both through response devices and a capture system. It amazes me how few quick printers own a computerized estimating system, especially when you consider how many other business management and sales/marketing management functions are built into the best ones. The more you know about how your business operates now, the better you'll be able to plan—and implement!—in your future.