Setting Sales Goals and Benchmarking

I got a good sales oriented question from a local CEO a few months ago in a business roundtable session that our local SCORE Chapter was leading. We were talking about growing the business through increased sales. How should we set “sales goals” and “benchmarks”?

First, here are some steps to achieving your business’s sales goals.

Set measurable goals for each step of the sales process. For instance, for every type of lead generation or prospecting activity you engage in, set goals such as: How many leads do you want to generate? What are your requirements for qualified leads? How much time should be spent on lead generation/prospecting compared to other steps in the sales process?

Know your ideal target customer. Who are your current best customers? Know their demographics, psychographics and buying habits. The better you know your current customers, the more accurately you can target similar consumers or companies as prospects.

Measure outcomes constantly and adjust accordingly. Regularly measure your results. If you are not achieving your goals in one area, take steps such as: eliminating that activity or training your sales team in that area or hiring new sales staff to fill a gap.

Apply best practices techniques to the sales process. As you see what tactics get results, you can develop best practice techniques to use in sales training and as part of your sales routine.

Set goals for salespeople and measure results, just as you do with your business. You can set the same goals for all salespeople in a particular territory or with the same duty, or you can set goals based on tenure or past performance. Specify how you will measure performance, whether by number of calls, number of leads, number of sales closed, a sales quota in dollar figures or percentage increases. Use tools such as bonuses, commission and nonmonetary incentives to help your salespeople achieve their goals.

Now what do I mean by benchmarking and why do it? Benchmarking simply means comparing. There are two types of benchmarking. 1) In performance benchmarking, you compare performance metrics such as units sold, profit margins or other measurable figures. 2) In process benchmarking, you compare processes used by your company to
processes of other companies to determine which processes get the best results (“best practices”).

You can use both types of benchmarking for your sales. The ultimate goal is to improve your sales processes and your sales performance by continual comparison.

What are you benchmarking against? You may want to benchmark against: 1) your company’s past performance, 2) your key competitors or 3) industry leaders. In general, you want to benchmark your business against top performers in the industry and see where you stand.

Generally, here are some basic steps to benchmarking your business’s sales:

1. Determine what measures or processes you will benchmark.
2. Gather data (from your past history, from the competition, or from industry associations or similar sources).
3. Assess the data and how your company measures up.
4. Adjust your sales processes and/or goals as needed.

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