

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



SALES SERIES

Overview

As a small business owner, if you are not concerned with maximizing sales, your company may not be as profitable as you hope it would be. Without the sale of products or services, a business becomes a hobby or a charitable organization. Your business' sales should not be the sole responsibility of your sales force. Every employee should understand how sales happen and what they can do to favorably impact sales; if a person isn't selling, they may be missing an opportunity to help the company grow and thrive.

Sales come from a variety of sources, and most business leaders have specific strategies for each marketing channel and customer type. When a business owner can efficiently scale sales up without significantly increasing the costs per sale, then the business grows not only in size, but also in **margin and profitability**. For example, an online sales funnel such as your website could sell products without a sales representative. However, the efficiency of fulfilling the order and the quality of the customer experience is what helps seal the

deal. This is important, because sales generate revenue that pays for the virtual storefront, inventory and any marketing expenses that bring prospective customers to the storefront.

Your company's sales reps serve as the point of contact between your business and its prospects or existing customers and have a range of responsibilities including identifying and educating prospective customers while supporting current customers with information and assistance that relates to your products.

Your sales team has the role and responsibility to create a [revenue](#)

[forecast](#). A revenue forecast, simply put, is a prediction of future sales revenue based upon an understanding of your customers. This projection typically accounts for specific periods, such as monthly, quarterly, or annually. But sales forecasts aren't wild guesses—they're grounded in data. More specifically, they draw from historical sales data and various influencing factors like market trends, economic indicators, and competitive landscape. By [knowing your customers](#) and understanding their [buyer's journey](#) you can position your product to meet their needs, answer their questions, and



BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners

ultimately convert their interest into sales revenue.

The role of revenue forecasting in business is pivotal. By forecasting revenue, companies can make informed decisions about managing cash flow, resource allocation, and future business growth. For small businesses in particular, an accurate revenue forecast can be the compass that guides them through uncertain economic waters, steering them towards success and sustainability.

In summary, sales fuel the engine of business growth, enabling investments in innovation, infrastructure, and talent acquisition. From securing new customers to retaining existing ones, every aspect of business growth and development hinges on the efficacy of sales efforts and revenue generation.

Understanding why sales is important underscores its role in fostering customer relationships and

satisfaction. Effective sales strategies go beyond mere transactions; they aim to establish lasting connections with customers by addressing their needs and delivering value. By prioritizing customer-centric approaches, businesses can enhance brand loyalty, generate positive word-of-mouth referrals, and cultivate a loyal customer base. Ultimately, the ability to consistently meet and exceed customer expectations is paramount to sustaining long-term success in any business.

In addition to driving revenue and nurturing customer relationships, another reason why sales is important lies in its contribution to market expansion and penetration. Through strategic sales initiatives, businesses can identify new opportunities, tap into unexplored market segments, and diversify their revenue streams. By leveraging market insights and consumer

trends, sales teams can position products or services effectively, gain a competitive edge in saturated markets and capitalize on emerging niches.

From revenue generation and customer engagement to market expansion and organizational innovation, sales permeates every aspect of business operations. Sales success fosters a culture of collaboration, accountability, and performance excellence, uniting cross-functional teams toward common goals. By understanding why sales are important and embracing a customer-centric mindset, organizations can unlock new growth opportunities, build enduring relationships, and thrive amidst uncertainty. Embracing a strategic approach to sales not only drives immediate results but also lays the foundation for sustainability and success in the years to come.

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://vsjf.org)



Vermont Sustainable Jobs Fund

Accelerating Sustainable Economic Development

[Learn More](#)

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



SALES SERIES

Revenue Forecasting

Why is this important?

There are a number of benefits to forecasting your revenue. Just like with strategic planning, financial modeling, business operations and organizational development, revenue forecasting is all about managing your cash flow and preparing your company for whatever the future holds so that you're not caught by surprise and can make the best decisions to grow your business. For greater clarity, revenue is the money a business earns from the sale of its products and services. Cash flow is the net amount of cash being transferred into and out of a company. Revenue provides a measure of the effectiveness of a company's sales and marketing, whereas cash flow is more of a liquidity indicator.

There are a few key reasons why you should forecast revenue including building a realistic budget for your business when it's likely that your revenue varies each month. Your future revenue can fluctuate depending on how much you sell, and the overall market conditions which can make it difficult to budget for operating expenses like marketing and promotion, or new expenses like hiring employees.

Revenue forecasting helps bridge that gap, particularly for operating expenses. Your forecast gives you an estimate of how much revenue you'll generate over the next few months, or the entire year. This will allow you to know how much you can budget for sales promotions, new hires, software, and other expenses that change over time.



Vermont Sustainable Jobs Fund

Revenue Forecasting

Revenue forecasting is the process of estimating what your revenue will be over a specific time period—typically quarterly or annually—based on your business' historical and current performance. For instance, if you want to know how much revenue you'll generate next month, next quarter, or next year, a revenue forecast will show you where you're headed at your current pace. A revenue forecast is not a guess, which is why it's vital to use data to build your forecast.

Revenue Projection vs. Forecasting

While some people use the terms "revenue projection" and "revenue forecast" interchangeably, they're not quite the same thing. Let's start with definitions:

Forecast: A revenue forecast is based on the responsible party's assumptions reflecting the conditions it expects to exist and the course of action it expects to take.

Projection: Prospective financial statements that present, to the best of the responsible party's knowledge and belief, given one or more hypothetical assumptions, an entity's expected financial position, results of operations, and cash flows.

Essentially, the main difference is revenue projections account for hypothetical scenarios that may or may not happen. A revenue forecast says "this is how much revenue we expect to generate based on our current conditions." A revenue projection says "this is how much revenue we project if X happens, and here's how much we project if Y happens."

Revenue Forecasting Models and Tools

One of the most important steps in revenue forecasting is to define the assumptions that will guide your calculations. These are the factors that affect your revenue, such as your pricing, sales volume, conversion rate, customer retention, market share, and growth rate. You need to base your assumptions on reliable data, such as your historical sales, industry benchmarks, customer feedback, and market research. You also need to make sure that your assumptions are realistic and measurable, meaning that they reflect the current and expected conditions of your market and that you can track and measure them over time.

Depending upon your industry, size and complexity you may need to create a forecasting spreadsheet that can

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners

include different scenarios, variables and data points. Developing a forecast from different revenue viewpoints such as sales by customer, by product or by season will enable you to more accurately align revenue goals with sales and marketing strategies. A forecast model can be simple or extremely detailed. It is important that your model is able to include actual sales revenue and be adjusted as conditions change.

Bottom-Up Forecasting Model

Bottom-up forecasting is very detailed and uses product and customer data to forecast revenue. It involves taking historical and current sales information and setting targets for each key component in your revenue stream. For instance, you own a specialty food products business with multiple products that you sell direct to consumers on your website and to

wholesale accounts. With a bottom-up forecast model, you look at your sales in each channel and create a model that includes different assumptions such as sales to repeat customers, new customer acquisition sales, or sales generated from targeted marketing campaigns and promotions.

For the wholesale customers you could create a detailed model for your top customers that includes a revenue plan for each of them by product. You may also want to model out details such as the effect of adding an additional delivery day, introducing a new product or a price increase. A detailed bottom-up forecast could also start by modeling out detailed sales by product - how many you plan to sell and to whom. A bottom-up forecast is generally higher in accuracy and should align with your strategic business plan as it is based

on business drivers such as the capacity of your sales team, proposed marketing spend, or identified new product launch. With a detailed model, you are better able to validate the reasonableness and success of growth projections.

Top-Down Forecasting Model

As the name implies, a top-down forecast is the opposite of the bottom-up approach. Instead of starting from detailed drivers, you begin with a macro view of your business and industry and work down to revenue.

With this method, you'll start by looking at the total market opportunity and the size of your industry's category. Next, you'll calculate your potential market share. Then you'll use that figure to forecast your potential revenue.



BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners

Straight-Line Forecasting Model

Straight-line forecasting is the simplest model. Straight-line forecasts assume that your revenue will continue to grow at the same rate it has historically. If your revenue has grown 15% for each of the past two years, the straight-line forecast method assumes that same growth rate for the current year.

While this method is arguably the easiest approach, it may not always be the most accurate. As the saying goes, "past performance is not indicative of future results." Meaning that just because you've historically achieved a 15% growth rate, you can't always assume that growth rate won't drastically change next year. Still, the straight-line forecasting method gives you a good foundation to build upon.

Revenue forecasting is not a one-time activity, but a continuous process that requires constant monitoring and revision. You need to update your forecast regularly to reflect the changes in your business environment, such as new opportunities, threats, or

trends. You also need to compare your forecast with your actual results to see how accurate your predictions are and what factors are causing the gaps. By updating your forecast regularly, you can identify and correct any errors, adjust your assumptions, and improve your accuracy and reliability.

Revenue Forecasting Guides Business Decisions and Engages Your Team

Revenue forecasting is not only a way to estimate your future income, but also a tool to help you make better decisions for your business. You can use your forecast to set your targets,

allocate your resources, evaluate your performance, and identify your strengths and weaknesses. You can also use your forecast to test different scenarios and strategies, such as launching a new product, expanding to a new market, or changing your pricing. By using your forecast to guide your decisions, you can optimize your revenue potential and gain a competitive edge.

Revenue forecasting is not only a task for you as the owner or manager of your business, but also a collaborative effort that involves your team. Share your forecast with your team members, especially those who are responsible for generating or influencing revenue, such as your sales, marketing, and customer service staff. Communicate your assumptions, goals, and expectations clearly and get their input and feedback. You also need to align your forecast with your team's incentives, rewards, and recognition. By sharing your forecast with your team, you can increase their engagement, motivation, and accountability.



Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://vsjf.org)



Vermont Sustainable Jobs Fund
Accelerating Sustainable Economic Development

[**Learn More**](#)

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



SALES SERIES

The Buyer's Journey

Why is this important?

In today's competitive marketplace, knowing your customer and understanding their path to purchase is critical to long-term success. The buyer's journey provides a way to understand the needs and questions of customers who are looking for a solution to a problem that your product can address. A buyer who is just starting to realize they have a pain point requires very different information than a buyer who is ready to make a purchase decision.

A clear understanding of the buyer's journey informs your sales process and marketing strategy. It clarifies the message you share, the medium you use, and the goals you set. It focuses your sales and marketing activities toward converting your ideal customer into a sale and building trust and loyalty with them. When you know the different desires and problems your customers experience at each stage of the journey, and the factors influencing their thinking, you can create content and strategies that meet their needs or answer their questions, positioning your product as the solution they seek.



Vermont Sustainable Jobs Fund

It used to be easy to acquire a customer, assure them that your product is the best on the market and push for the sale. Not anymore. The online search has changed everything. Thanks to the vast amount of information available at the touch of a finger, today's buyer is more informed than ever before.

With the exception of impulse buys, most customers spend time learning more about a product or service and consider or evaluate various options (often checking online reviews) before making their decision to buy a new product or service. The path to purchase is called the buyer's journey, and it encompasses every step that a potential customer takes in the process of choosing whether to purchase from you or not. Depending upon the complexity of the product or service, the buyer's journey could take minutes, hours, or months to complete.

[Knowing your customer](#) and understanding where they are in the buyer's journey is key to turning a customer need or want into sales success. By providing value and information at every stage of the process, you are able to nurture

prospective customers from unaware to activation in their journey, and if done right, to a final decision to purchase from you. It is an important sales success formula: GIVE your buyer exactly what they need + WHEN they need it = Conversion to SALE.

What are the Stages of the Buyer's Journey?

The buyer's journey is an active and engaged process that buyers go through to become aware, evaluate, and purchase a new product or service. During each stage, the customer will want answers to a different set of questions. The buyer's journey can be broken down into three stages:

- 1. Awareness (Researching):** The buyer becomes aware that they have a problem.
- 2. Consideration (Evaluating):** The buyer defines their problem and considers options to solve it. The buyer learns about a product or service such as its' features/ attributes and benefits respective to their problem.
- 3. Decision (Choosing):** The buyer decides on the right solution to the problem and commits to purchase.

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners

AWARENESS:

At this point, the buyer is realizing they have a specific want or need. It is a stage of discovery and clarification. Your target customer is looking broadly for general information and resources to more clearly understand, frame and name their problem. They won't necessarily be looking for solutions at this point in time but they are looking for more information about the problem they are experiencing. Along the way, they are learning what questions to ask and starting to give form and shape to their problem and possible solutions.

Most sales and marketing strategies fail to adequately address this stage of the buyer's journey. If you can meet a potential buyer at this step in their journey, you have the greatest chance of traveling with them all the way to the final purchase. Your primary objective at this stage is to let them know you understand their particular problem. Messaging needs to be interesting and relevant and it must let them know that you see them, and are with them, in the pain of the problem. Look to meet them here with education or entertainment that explains, highlights or magnifies their

issue in a way that lets them know you "get it". You are not trying to sell them anything or push your product as the solution, as they are not ready to hear this yet. The sales and marketing focus is on symptoms, bringing them to light, offering explanations and diagnosis, and helping buyers see the solutions they might consider.

At this stage, buyers probably don't know that you exist, or that they may want your product further down the road. Drawing target customers into your sales funnel as leads is important. Creating content to directly address the questions they are looking to answer is an essential element in sales conversion. Search Engine Optimization (SEO), long-tail keywords, blog posts, webinars, videos and guides are all useful marketing tools for this stage of the buyer's journey.

CONSIDERATION:

At this stage, the buyer has spent time on initial research, understands their pain point and has an idea of how to solve it. They are ready to move into researching and evaluating the solutions that exist. Learning about the products or services that companies offer to address their problem, and understanding the advantages and disadvantages of each, is their primary pursuit.

Your goal at this stage is to describe your solution and explain why it is best for them by educating them. To successfully do this, you must understand the marketplace and your competitors. You need to be clear about what makes your product or service different and sets it apart from all other options available. Your



BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners

messaging needs to provide facts, be informative, and helpful. You need to highlight your solution and how it meets their specific needs. Too often, companies oversell their product at this stage and turn content into advertising. Buyers are not ready to be sold at this stage, they are still gathering information. It is important that you earn their trust by providing them just what they need and not pushing for a sale.

Regular engagement at this stage is essential to sales success. You have captured their attention and need to stay front and center with relevant, timely communication about topics that both reinforce their awareness of the problem and continue to separate your solution from the rest of the options they have. Email marketing, social media, comparison whitepapers, case studies and product feature videos are appropriate marketing actions for this stage of the buyer's journey.

DECISION:

The prospective buyer is informed and ready to make a decision on a final solution. Evaluating a company's performance and background, learning more about how a product works in actual use, and figuring out what it might look like if they choose to move forward purchasing from your company are steps they are taking now. They need to have confidence in your company and product and trust that this decision is right for them.

In this final stage, you must convince the buyer that your company is the best. You need to address any objections or concerns they might have and ensure that the final steps to close the sale are seamless and easy to execute. This is the time for offering an in-depth guide, exclusive offer, free trial or live demo to potential buyers. Customer testimonials and reviews become important as well as the "who we are" and FAQ pages on your website. Make sure that the

order process on your website or with your sales team is quick and does not include any potential last minute objections that could derail the sale. Actions that deliver compelling win/win proposals are essential at this stage of the buyer's journey.

Create Your Plan

Understanding your ideal customers buyer's journey is one of the first steps in designing an effective sales and marketing plan. Knowing who your target customers are, what pain points they have, the questions they will ask, what influences and motivates them, and how you compare to competitors are important in developing a successful plan. When you are able to develop content and meet your customers where they are in the buyer's journey, you will improve your sales conversion rate and create an engaged and loyal customer base.



BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



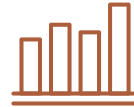
BUYER'S JOURNEY



SALES FUNNEL



SALES PROCESS



MARKETING TOOLS

<p>Awareness & Discovery: I have a Pain Point/Problem</p> <p>NEED: solve a problem</p> <p>WANT: replace something else</p>	<p>Prospecting: Identifying customers and opportunities</p>	<p>Know Your Customer:</p> <ul style="list-style-type: none"> • Create ideal customer list from identified personas • Identify where and how you can connect with them • Know the issues and pain points that target customers are hoping to solve 	<p>Focus on problem: explain symptom & offer diagnosis</p> <ul style="list-style-type: none"> • SEO search, buzz • Targeted website landing pages • Blog posts • eBooks, Whitepapers, Checklists, or Guides • Infographics • Webinars • Slide shares • Videos
<p>Consideration: What are my options</p>	<p>Cultivating: Building relationships & uncovering needs</p> <p>Positioning: Demonstrating value and a solution</p>	<ul style="list-style-type: none"> • Qualify customer (can we address their pain point?) • Overcome objections • Provide more specific product information • Position against competition • Invitation to demo or try • Education 	<p>Focus on how you help them solve the problem</p> <ul style="list-style-type: none"> • Email marketing • User reviews • Social networks • More specific and technical blog posts • Comparison whitepapers or eBooks • Webinars • Product Feature Videos • Email Opt-In for newsletter
<p>Decision: Having confidence & trust</p>	<p>Closing: Delivering a compelling win/win proposal</p>	<ul style="list-style-type: none"> • Clear call to action • Easy to execute • Acknowledge and thank • Available to help with any additional concerns or questions • Provide further info about benefits (avoid buyer's remorse) • Ensure product is as expected (or better) 	<p>Focus on why you are the best solution</p> <ul style="list-style-type: none"> • Blog posts • Email marketing • Documented Success Stories, Case Studies, or Testimonials • Vendor, product, or pricing comparison documents • Live demonstrations or consultations • Free product trials • "About" or "Our Story" Website Pages

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://www.vsjf.org)



Vermont Sustainable Jobs Fund

Accelerating Sustainable Economic Development

[Learn More](#)