

# Managing your Business Sales



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## **1. Disclaimer**

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## **2. Introduction to SMEDA**

Small and Medium Enterprises Development Authority (SMEDA) is an apex SME development agency working under the Ministry of Industries and Production (Mol&P), Government of Pakistan. In pursuit of its mission, SMEDA has adopted an integrated strategy that comprises SME sectors & clusters development, Business Development Services (BDS), and Policy advocacy to protect and promote SME interests.

SMEDA offers a broad spectrum of business development services to SMEs which include prefeasibility studies, identification of experts and consultants, delivery of need based capacity building programs in addition to business guidance through help desk services.

## **3. Purpose of the Guide**

This document is a demonstrative guide for new / start-up entrepreneurs as well as for existing business owners/managers who are interested in managing and improving their business' sales and understanding the basics of a sales process. This document is designed for Small & Medium Enterprises (SMEs) and will be helpful in understanding the factors to be considered when making a sales plan and strategy.

## 4. Managing Your Business Sales

As part of developing a business plan (see “How to make your Business Plan” on SMEDA website) SME’s are strongly encouraged to make **marketing plans** to provide focus and direction to their businesses, so that employees/staff better understand organizational goals and are better focused towards customer satisfaction.

To control how your product (or service) will reach customers you should develop a basic strategy about how you will manage your sales.

Some prerequisites you will need to identify before making any plan about your sales are:

- **Product/Service:** What exactly is your product or service and exactly what solution does it provide to the potential customers.
- **Target Market:** What is the profile of the customers you are targeting? For example, age, gender, location lifestyle, habits, income etc.
- **Competitive Advantage:** Your competitive advantage is your point of difference which favourably sets you apart from your competition. Generally you can create competitive advantage by *Differentiation* or by achieving *Cost Leadership* (explained below)

### Good to know:

*Cost Leadership Strategy* become the lowest cost producer in the market and sell the product (or service) at a low price to customers. *For example:* large retail stores like Hyperstar and Metro reduce the cost of goods they obtain by ordering in bulk and enjoying lower purchasing costs, as a result they are able to offer promotions and discounts that smaller retailers are unable to offer.

*Differentiation Strategy* focus on a particular attribute of your product (or service) and enhance it so that you can favourably distinguish your product from the competition. *For example:* Mobile phone manufacturers typically differentiate their latest models based on special features, innovations like long battery life, excellent camera or water resistance etc. The point of differentiation often varies from product to product.

*Advertisement Driven Differentiation* Sometimes companies differentiate similarly priced products that serve similar functions solely through advertisement and brand positioning; such as Coke and Pepsi.

## 5. Types of Sales

How you approach and communicate with potential customers will vary based on type of customers you are approaching. The two main selling approaches are “Business to Consumer” (B2C) and “Business to Business” (B2B) selling.

### 5.1. Business to Consumer (B2C)

Business to consumer selling involves all sales activities directed towards the end user or individual consumer of a product / service. The online retailing businesses such as Daraz.pk or Homeshopping.pk are the most common examples of B2C selling. Similarly businesses like restaurants, hair salons, and schools also focus on B2C selling.



## 5.2. Business to Business Sales (B2B)

Business to business selling (B2B) involves transactions between two (or more) businesses. Examples of B2B transactions includes a manufacturer selling to a whole seller, and the wholesaler selling to retailers. Similarly a consulting firm providing advice to a business is also operating in a B2B setup.

## 6. The Sales Plan

The sales plan is essentially a to the point strategy about how you intend to acquire new customers, achieve or exceed your sales quotas/milestones within your selected territory, and grow your business through increased sales. The sales plan will cover the following sections:

### 6.1. Set Sales Goals Quotas/Milestones

Based on your business plan you should first highlight your overall sales goals or targets, such as total sales to be achieved with in a specific time period. Your sales goals can be further divided into short term milestones, this will help you know where exactly you stand with respect to achieving your goals at any particular time.

Based on the overall sales goals/targets and milestones, you should divide responsibility for achieving those targets amongst your sales force, by assigning suitable sales quotas to each member of the sales team. The clear assignment of responsibility and sales targets among the sales team will enhance your business's sales, and put you in a better position to identify and respond to any opportunities or challenges that may appear within the market.

### Managing Your Sales Team

The following tips can help you manage your sales team more effectively.

- **Regular coaching** and one on one meetings with each team member provide feedback
- **Encourage continuous learning** to emphasize professional development and training
- **Streamline processes** and encourage transparency of goals, responsibilities and progress
- **Incentivize** the sales process, success and good performance should be rewarded
- **Understand differences** between sales people and figure out what motivates each one
- **Inspire** your team to be energetic, appreciative, empathetic, accountable & honest
- **Drive healthy competition** between team members to improve performance

### 6.2. Define Sales Territory

Your sales territory is based on your target market, you should clearly identify the physical area of responsibility (territory) for each member of your sales team, based on the selected target market. This helps to ensure adequate and balanced coverage of the target market, in turn helping the sales team achieve optimal performance.

### 6.3. Finalize your Sales Strategy and Tactics

After setting the sales goals and territory, you will want to work on the strategy to get in contact with your potential customers. Some examples of available sales channels are:

#### 6.3.1. Distance Selling

Distance selling involves all sales activities done without getting into physical contact with customers/ potential customers. The costs involved in distance selling are far lower than physically reaching the customers or maintaining a retail outlet. Following are some modes of distance selling:

##### a) By Phone

This involves a business representative using a phone to call a potential or existing customer for sales related activities, such activities are also referred to as telemarketing. Sales messages sent in the form of SMS texts are also included in this category.

##### Cold Calls

Cold calling involves attempts to seek business from potential customers who have had no previous contact with the salesperson conducting the call. This is generally referred to as an over-the-phone process, but can also be done in-person by door-to-door salespeople.

*Examples:* Most sales calls from Insurance companies and other service providers tend to be from sales people who are not known to us. Also, sales representatives from pharmaceutical companies regularly try to visit doctors at their clinics to persuade them to try and prescribe their company's products.

##### b) Letters of Introduction

Sales Introduction letters are short letters written to introduce, describe and advertise a new product / service to a customer. They contain details about the product and its features including any offers or discounts being offered at the time.

##### c) Email

This involves sending sales related messages to customers and potential customers through the medium of email. Be careful to know about your email service providers, rules and regulations, especially regarding spam mail, or you may get your business mail account blocked by them if you're sending the same email to many accounts.

##### d) Mail Order

Mail order is a delivery mechanism, where by your company's products get delivered to the customers through a third party, such as a courier company.

##### e) The Internet

The internet offers various inexpensive venues through which small businesses can communicate with their potential customers. Your business can take advantage of

the Internet in various ways, such as by developing a professional website, through which you may market and even sell your products and services online.

The use of social networking platforms such as LinkedIn, Facebook and Twitter etc. to compliment your business sales activities is highly recommended, especially if your target market uses these platforms.

Distance selling is most suitable for

- Approaching customers who are hard-to reach
- Seeking repeat orders from existing or regular customers
- Reaching large numbers of potential customers and penetrating new markets through the internet

Despite its convenience, there are certain disadvantages of distance selling, such as, you cannot properly demonstrate your product, also, it can be difficult to appear trustworthy and be convincing without actually meeting your customer.

It is advisable that you take care to disclose all relevant business details when contacting customers, for example if you have a website it should introduce your business and provide contact details etc. Furthermore, your customers generally expect to be allowed to return the goods bought within specified period of time, as well as other after sales services.

### **6.3.2. Face-to-Face / Personal Selling**

Meeting your customer face to face and offering /selling your product directly to them offers the following advantages:

- If your product is complex you can explain or even demonstrate it
- It is convenient for the customers and they can involve other relevant people
- You can get immediate customer feedback, and learn about your customers' wants
- You can network and build personal relationships with your customers
- By using and refining your selling skills you can convince your customer to make a purchase

However, due to the high cost associated with it, face to face selling is considered to be an expensive sales channel. It demands larger premises in the form of showrooms, retail shops and customer service centres etc. as well as higher staff costs. The travelling time and associated resource costs for sales people can be significant.

It is advisable for travelling salespeople to plan their trips, such that several prospects in the same area can be visited per trip. Face to face selling is suitable when you are

- Selling complex and/or high-value products and services
- Establishing first contact with key target customers
- Attempting to strengthen your business relationship with existing customers

## 7. The Sales Process

Regardless of what you are selling, every sale follows roughly the same process, generally involving seven steps. Sales people do not always think of these stages of the sales process as different events, but their understanding helps to plan a well-thought sales process:

### 7.1. Prospect for Leads

Prospecting is the process of identifying new potential customers. This will involve finding leads as well as identifying potential clients. You can use the internet, customer referrals, databases, meetings, social media as well as your company's current customer database to generate new leads.

### 7.2. The Initial Contact (Set appointment)

You now make contact with potential customers identified during prospecting. There are various options available to you regarding the mode and medium of communication to use. For example, you can cold call on the phone, or in person, you may send emails, use sales letters or even social media. Depending on your type of product/service, after setting up an appointment you can decide to meet the customer face to face or do distance selling.

### 7.3. Qualification (of the Potential Customers / Clients)

In this stage you decide whether or not the potential customers you contacted in the previous phase qualify as your target market, and if so, what priority will you place towards spending your time and resources trying to pitch to them.

### 7.4. Making your Presentation

This is the central element of any sales cycle, and will require the most preparation. Try to be prepared to not only sell your product, but also to adequately represent your business as well as yourself.

### Example: The Sales Process

Ahmed is a sales manager working for an international courier company, in Lahore. Following are the steps he took at work this week.

**On Monday** Ahmed tried to identify all potential customers within his assigned area, based on the information he had organised in the form of a database, which he developed through market research and study.

**On Tuesday** Ahmed tried to get in touch with the prospects he had identified through email and phone, to introduce his organization and its products/services, and to find out if they are interested. He also set up a few appointments for face to face meetings.

**On Wednesday** Ahmed evaluated all of the potential customers he had contacted the day before and prioritised them based on potential--business and profitability. He also prepared presentations for the meetings he was able to set up the day before, as well as any informal meetings he intends to attempt the next day



**Tips: Things to Do**

- Dress the part, your personal appearance should be in line with your business, product as well as customer expectations
- Know your audience, is he / she the decision maker?
- Give customers time to consider

**7.5. Handling Objections**

This is the part where you deal with your prospect's apprehensions. Objections and questions are both a positive sign as they show interest in your product/service from the prospect. Try to be positive and accommodating to the potential customers, as the success of the sales process rests on how comfortable potential customers are with the sales person or business representative.

**7.6. Closing (learn how to close the sale)**

After giving your presentation, answering the questions by addressing any objections that may have arisen, it is time to ask for the sale. This is one of the most important stages in the sales process, as even highly interested prospects would not usually close the sale themselves.

**Tip: Things to Avoid**

- If you are unsure about a question/objection, ask to get back after confirming with relevant people
- Avoid technical jargons, and focus more towards customer benefit when discussing product/service features
- Avoid losing your temper with unreasonable or hostile customers, but make sure not commit anything out of pressure. Excuse yourself if the prospect is unlikely to be worthwhile, but don't burn bridges!

**7.7. Getting Referrals**

It is always a good idea to not abruptly cut the sales process after a successful sale is made. Offer your business card and be sure to ask for referrals, customers referrals are a very good source of leads. Chances are you might learn of valuable new clients, plus the fact you were referred by someone they know will be helpful when making the sale successful.

**On Thursday and Friday** Ahmed met with a number of potential customers and presented information about his businesses products/services, all the while emphasizing how the solutions he is providing will be beneficial for the clients.

During each meeting a significant time was spent responding to the questions and objections that were presented by the potential customers. Ahmed took extra care to accommodate all objections and questions positively so that his own confidence in his businesses product/service is shared by the potential customers.

After responding to all questions/objections Ahmed typically asked the other party if they were ready to purchase the products/services. If the other party seemed unsure or undecided Ahmed would