

CFAS3.1

Forecasting sales and setting sales targets



Overview

This unit is about forecasting sales and setting sales targets for your own area of responsibility, either on an individual or team basis.

The unit includes how to collect and use information to develop a sales forecast, based on past and present sales data, factors which influence sales, sales trends, market conditions and product and service developments within your organisation.

You then use forecasts based upon value and volume measures to develop sales targets

Sales Managers, Key Customer Managers and Senior Sales Managers

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Performance criteria

You must be able to:

- P1 identify sales forecasts needed to ensure that realistic sales objectives and targets are set
- P2 identify and evaluate sales trends and market conditions and analyse them to determine a likely pattern of sales for the future
- P3 identify and evaluate internal and external factors that will impact on sales trends, market conditions and potential selling opportunities and consider the implications for future sales
- P4 use historical sales data to inform sales forecasts by developing your understanding of markets and customer behaviour
- P5 develop time plans for the establishment of sales forecasts and targets
- P6 evaluate a range of sales forecasting techniques and select the method most likely to give you an accurate forecast of the future
- P7 use IT software and your chosen forecasting methods to prepare an analysis that will predict future sales trends
- P8 consult colleagues about sales forecasts and identify the implications for your organisation
- P9 make recommendations for sales objectives and targets
- P10 put in place measurement activities to monitor actual performance against forecast sales
- P11 use your monitoring of activities to revise sales forecasts where appropriate

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Knowledge and understanding

You need to know and understand:

- K1 the difference between qualitative and quantitative information for forecasting purposes
- K2 the different forms of information needed for sales forecasting and how it is analysed
- K3 how to source relevant information
- K4 what internal and external factors may affect sales trends
- K5 what relevant trends can be identified from previous sales forecasts
- K6 a variety of qualitative and quantitative sales forecasting techniques
- K7 how to set challenging and realistic sales objectives and targets and how to make reliable forecasts of future trends
- K8 typical sales targets, such as call rates, turnover or growth
- K9 how to measure sales performance against forecast performance
- K10 software programmes available to support the task of sales forecasting
- K11 common causes of variances between forecast and actual sales

Industry/Sector specific knowledge and understanding

- K12 trends and developments relating to customers and markets which may affect sales and sales forecasts
- K13 competitor activities and the impact they may have on sales forecasts

Context specific knowledge and understanding

- K14 your organisation's mission and strategy and its implications for the sales function
- K15 your organisation's available sales information such as volume of sales, value of sales, market share and penetration and customer retention
- K16 other information available in your organisation's systems that could contribute to sales forecasting activities
- K17 variances that arose in the past between forecast sales and sales achieved and reasons for those variances
- K18 the potential of it and software systems for sales forecasting
- K19 who to consult and involve in sales forecasting activities
- K20 organisational guidelines on the development and recording of sales forecasts
- K21 measurement and control mechanisms applied by the organisation for reporting of variances
- K22 problems and issues outside of your control which may impact upon sales forecasting activities and achieving of sales targets

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Additional Information

Behaviours

1. you demonstrate an analytical approach to forecasting
2. you are aware of current and future trends which may affect sales
3. you show a clear understanding of the differences between qualitative and quantitative measures
4. you demonstrate the ability to use a variety of different sales forecasting techniques
5. you use values and volumes when forecasting
6. you develop scenarios on which to base forecasts
7. you consult about your forecasts and how to use them for planning and target setting
8. you set realistic sales objectives and targets for your area of responsibility based upon sales forecasts
9. you monitor and measure actual sales against forecasts
10. you follow organisational guidelines for recording sales forecasts

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7113 Telephone salespersons
7129 Sales related occupations nec

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