



# **The B2B Sales Planning Handbook**

**(Everything Sales Leaders Need to Know  
to Create a Winning Sales Plan!)**



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# Executive Summary

Sales leaders, our B2B Sales Planning Handbook is intended to help you reach your revenue goals, faster and more efficiently. We wrote this to deliver value immediately, regardless of where you might be in your sales planning cycle or sales year. Besides fine-tuning your planning fundamentals, we hope it helps you become a more inspired, focused and effective sales manager.

**A solid sales plan takes you from where you are now, to where you want to be. In short, it is the difference between Making it happen vs. Hoping it happens!**

We've packed this Handbook with simple, strategic sales insights that you can use every day. While some of this may confirm what you already know, we hope you glean a tip and technique or two that may improve your goal-setting practices, sales pipeline, selling process and sales measurements.

For sales leaders like you, the scope of your work goes well beyond selling. It covers the trickier elements of sales plan creation, territory and market segmentation, key performance indicators and a whole lot more. We believe that creating a formalized selling process helps build a stronger, more agile sales department.

Enjoy this sales planning handbook, and we would be happy to hear your feedback.

Sincerely,



[Dan Hudson](#) and [Matt Smith](#)  
3FORWARD

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# Chapter 1: Setting Sales Goals and Targets

The sales plan sets the road map for everything that goes into a successful sales year. It must answer two basic questions:

- What revenue targets do you plan to achieve in the upcoming sales year?
- How are you going to achieve those targets?

So, the opening section of the sales plan – Sales Goals and Targets –maps out your objectives and sets your path for the next year.

## THE BIG PICTURE APPROACH

There's a new year coming up and it's time to start putting together your strategic sales plan. How can you work smarter, not harder? How can you make sure you aren't overlooking any opportunities? Start by stepping back and taking a "Big Picture" approach; look at everything going on around your company and industry.

### Ask yourself these Pre-Planning questions:

- What factors might impact our sales results next year?
- How has our marketplace or prospect base changed in the last few quarters or years?
- Do I have to make adjustments to our sales process or sales support models?
- If I need to increase sales revenues next year (*and who doesn't?!*), do I have the people in place and the enabling technologies that will increase our sales efficiency?
- Are there any "leaks" in our sales pipeline, places where leads and sales opportunities could slip through?

Before you start planning your next year, here are some of the components of your sales plan that should receive a fresh review each planning year. Sales environments and economic situations change quickly. A selling strategy that made sense at one time may need dramatic revisions a year later.

- Lead Management
- Account Management
- Opportunity Management
- Territory / Area Management
- Pipeline Process
- Metrics and Reporting
- Team Skills Development
- Rep and Manager Recruiting
- Compensation

*Sales environments and economic situations change quickly. A selling strategy that made sense at one time may need dramatic revisions a year later.*

Now, are you ready to get started and create your sales plan? Let's talk about how to set realistic, actionable sales goals and targets...

## DEFINING GOALS, CHALLENGES AND INVESTMENTS

### 1. Get Specific

Although goals and targets are often used synonymously, they are in fact quite different. Compare their definitions<sup>1</sup>:

Goals: Destinations or where we want the business to be and feel,

*for example:*

- Relationships
- Reputation
- Image
- Sustainability
- Culture

Targets: Specific results we want the business to achieve, progress markers to attaining goals;

*for example:*

- Revenue
- Profit
- Market share
- Recognition

Goals and targets often work in tandem with each other. However, too often, sales goals and targets have a case of the “warm and fuzzies” – a feel-good tone that is vague and undefined. To be clear and actionable, goals and targets must be specific (*numbers and dates are best*) so that you can measure your progress throughout the year.

#### Example of “Fuzzy and Feel Good” Targets

Establish new relationships for our US Financial and Accounting Outsourcing practice.

#### Example of “Specific and Measurable” Targets

Establish two new relationships per quarter in the US Financial and Accounting Outsourcing practice. The targeted annual contract value of each new relationship is \$2 million.

When setting your goals and targets, try to strike the sweet spot between “go big or go home” and the reality of your market situation. Every company faces its unique market challenges, but if you are prepared, it makes it easier to overcome them.

*To be clear and actionable, goals and targets must be specific (numbers and dates are best) so that you can measure your progress*

### 2. Prioritize Challenges and Set Defensive Strategies

Consider your last couple sales years and think about those things that kept you from achieving all your sales targets.

Then, list out these challenges, their impact and priority, and start documenting your approach to minimizing these sales barriers. Use a template such as the following to identify, rank and address your challenges.

<sup>1</sup>\*From our well-worn version of [Marketing Plans that Work – Targeting Growth and Profitability](#), copyright 2002.

## Preparing for Sales Plan Risks and Challenges

<b>Challenge</b>	Not enough qualified output from marketing's lead generation program.
<b>Affects</b>	The sales pipeline and ability to make the annual revenue target
<b>Severity</b>	High
<b>Recommendation</b>	Meet with Marketing to jointly define what constitutes a qualified lead. Accelerate identification of target accounts to increase lead funnel size.
<b>Assigned To</b>	Joe King
<b>Complete By</b>	March 1, 2012

### 3. Define Changes and Investments Needed to Achieve Success

You are likely in the same boat as most sales leaders heading into a new year: *You're getting a quota increase.* In the old days we might have grumbled a little, played around with territories and headcount then told the CEO we needed another seven sales reps to meet the new number. You based that number on your experience that one or two of the seven would make quota. Three or four would become permanent "B" players and the others would likely fail miserably.

#### MORE EFFECTIVE APPROACHES TO INVESTING IN SALES SUCCESS

Yes, headcount is still a critical success factor for a sales team expected to make its number. However, studies of best-in-class sales teams *clearly demonstrate* many other vital components to improving sales effectiveness and revenue results. These are more long-term, systemic improvements that actually allow all members of your team to perform better and also improve the success rates of future new hires.

Sales process improvements based on best-practices create permanent increases in both win-rates and quota attainment for B2B sales teams. Here are some examples of these kinds of investments that you should consider.

- Establishing a formalized sales process, including targeted account planning
- Sales manager effectiveness training and industry-specific rep training
- Lead management process and a marketing automation system
- Sales leaders dashboard and sales knowledge management
- Sales intelligence, prospect profiling and industry monitoring

There you have an example of **Setting Sales Goals and Targets**, the first section in creating your new sales plan. You can clearly see why getting this area down on paper sets the stage for everything else in your plan.

#### ADDITIONAL RESOURCES FOR SETTING SALES GOALS AND TARGETS

[Sales Revenue Forecasting](#)

[Sales Optimization Review for CEOs and Sales Leaders](#)

[The Complete 2012 B2B Sales Planning Outline... And It's Only 359 Words](#)

[Proof That Sales Planning Increases Win Rates](#)

*Sales process improvements based on best-practices create permanent increases in both win-rates and quota attainment*

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## Wrap Up

As a sales leader, your actions set the performance expectations for your sales team. The plan, selling process, and method of balances and checks that you create directly contribute to your peoples –and ultimately, your company’s – success!

Your sales plan must consider the basic five factors we’ve considered here, namely how to:

- Set sales goals and targets
- Build the revenue model
- Fill the funnel
- Create a selling culture
- Execute and measure

If you have any questions, or want to continue the discussion on how you can develop stronger selling culture and a systematic approach to selling, we invite you to join our [Sales Readiness group on LinkedIn](#). If you want to get tips and ready-to-use sales strategies delivered directly to your in-box, please sign up for our newsletter, [Above the Funnel](#).

Thank you and best regards,

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### ABOUT 3FORWARD

3FORWARD helps, guides and supports company leaders through sales transitions. Are you a CEO, Chief Sales Officer or senior Marketing executive tired of hoping for best-in-class sales results AND committed to making the changes to get there? Our sales effectiveness programs are designed around one goal – helping your firm improve results today – not next year.

Working with 3FORWARD is more like a workout with a personal fitness trainer than buying time from traditional consulting companies. We much prefer rolling up our sleeves with you and your team, getting our hands dirty and helping you reach your revenue goals faster than if you have to tackle them by yourself.

### 3FORWARD’S LEADERSHIP

Before launching 3FORWARD, founders Dan Hudson and Matt Smith had already enjoyed successful careers in B2B sales leadership, marketing and business development. Each has been in the sales world for more than 25 years and along the way developed a strong belief in the science of selling over sales as an art.

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# Chapter 2: Build the Revenue Model

You've set your goals. You know the numbers you have to achieve. But, what's your revenue model to get there? It's time to get down to the nitty-gritty by establishing a total, qualified value of your sales pipeline and translating that value into a reliable revenue projection.

## A RELIABLE SALES PIPELINE – THE FOUNDATION FOR REVENUE PLANNING

Building a revenue plan is predicated on having an accurate, reliable sales pipeline. Unfortunately, too many companies admit that pipeline accuracy is one of their biggest challenges. Before you can use your pipeline to build your revenue plan there are three critical things you must do first to make it as accurate as possible:

1. **Know the difference between a lead and a prospect.** Leads have no place in a sales pipeline; the pipeline should contain only qualified opportunities. This seems very basic but some companies don't differentiate between the two. From our viewpoint, here is the difference:
  - **A lead** is a company that is in your target market and is strong or neutral fit based on your sweet spot analysis.
  - **A prospect** is a company that is actively looking to solve a problem or an issue, meets the above definition of a lead, will make a near to mid-term buying decision, and you are engaged at a decision maker level.
2. **Standardize on sales stages and definitions.** One of the situations where sales pipelines lose credibility and accuracy is when different stages mean different things to each member of the sales team. A best practice is to not only name each opportunity pipeline stage, but to define the activities that are associated with that stage. (See the following diagram.) If everyone applies those activity definitions consistently then your pipeline is on it's way to becoming a much more believable record of the company's future revenue.
3. **Remove ALL opportunities from your sales pipeline that have exceeded their shelf life.** If your average sales cycle is 3 months but you have proposed opportunities that are 6-9 months old, you should realize the probability of those opportunities closing is almost zero. Kill them or send them back to nurturing. After those deals are removed from the pipeline you can now begin to apply a revenue factoring approach to the remaining opportunities.

*To be clear and actionable, goals and targets must be specific (numbers and dates are best) so that you can measure your progress*



## Sales Opportunity Stages

Lead Stages	
A	Identified – intend to pursue
B	Contacting – attempting to engage
C	Qualifying – introductory dialogue occurring
D	Engaged – actively discussing opportunities
E	Idle – lost traction, attempting to re-engage
F	Cold – lost traction, not currently pursuing

“Qualified Opportunities” in our Revenue Planning Model must be in these stages.

	Sales Opportunity Stages	Probability	Activity
1	Opportunity ID'd	0%	Potential opportunity identified
2	Idea Discussed	0%	Client confirms issues, challenges, need...
3	Concept Solution Delivered	10%	Written concept submitted to prospect
4	Solution Meeting Complete	20%	Concept discussed; including how and when to begin
5	Full Solution Delivered	40%	Solution submitted, including outcomes, timeline & pricing
6	Solution Validated	50%	Proposal modified if necessary / Resubmitted
7	Verbal Approval	75%	Client decision maker accepts proposal
8	Negotiation of Terms	90%	Contract and SOW in review / negotiation
9	Formal Award	100%	Contract and SOW signed
10	Opportunity Lost	0%	Autopsy / Return to Nurturing
11	Deal Dead or Delayed	0%	Return to Nurturing

### CREATING YOUR REVENUE PLAN

Now that you have a clean, accurate pipeline you can move to the next important step of building the Revenue Plan. The goal here is determining how much company revenue your current pipeline has the probability of generating. We've created a very flexible model to help you forecast the revenue potential of your sales pipeline. You can download it here: [Download Sales Revenue Forecasting](#).

To make this model work you'll need the following:

- Your **current sales pipeline** so you can calculate the total value of qualified opportunities
- **Annual revenue target** for the coming year (and up to two more years if you wish to include them)
- **Targeted winning percentage** of new business
- **Revenue conversion factor** (on average, how much of your new contracts turn into actual revenue)

With the above information the model forecasts how much revenue you can expect to close, by quarter, based on your current qualified pipeline. (*You can also use the model to work backwards from your revenue target and determine how much qualified pipeline you need to have each quarter to make your goal.*) Once you have a basic understanding of how the model works, start adjusting the other variables such as targeted win rate and contract conversion rates. Doing so will help you to create best-case, worst-case and most-likely case simulations.

With this effort done you can now move on to determining how much more pipeline you need to have – (and when you need to have it!) – to be able to make plan.

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## FIND THE GAPS IN YOUR PIPELINE

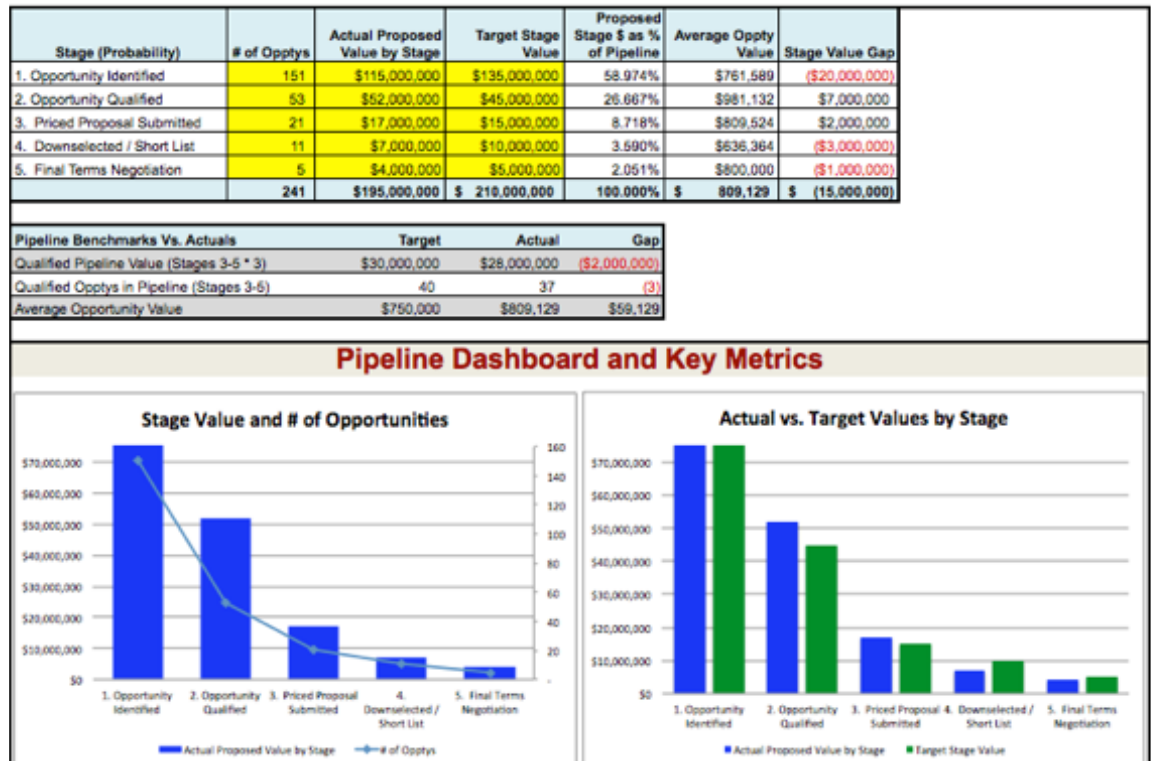
Managing your sales teams to keep the pipeline full takes a tremendous amount of a sales leaders time and effort, but that’s only part of the job. The other responsibility is having continuous awareness of the total, qualified value of that pipeline and knowing where your pipeline stage gaps exist.

We’ve created a fast, adaptable tool to help you assess the potential of your sales pipeline: [Download 3FORWARD’s Do I Have Enough Pipeline Calculator?](#)

Input the following information into this fully customizable Excel spreadsheet to see detailed analysis of where you stand against your target pipeline goals.

- Annual “Closed” Revenue Goal
- Average Win Value
- Total Value and Quantity of Opportunities (by Stage) in Your Current Pipeline
- Target Total Value by Stage

The Pipeline Calculator instantly provides stage-by-stage analysis and also details the value of your qualified pipeline compared to your goals. A dashboard provides four visual gauges of your pipeline’s structure and strength.



The Do I Have Enough Pipeline workbook also features two additional sections to help sales leaders and managers develop specific plans for each pipeline stage.

- **Stage Progression Goal Sheet** – Focus your efforts and sales resources according to strengths and weaknesses you face in each pipeline stage.

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- **Pipeline Actions and Tasks Tracker** – Keep up with critical assignments, owners and due dates to keep your pipeline goals in sight.

## MEASURING PIPELINE VELOCITY

Now for an advanced topic: Knowing just the value of your sales pipeline is not enough; you must be able to gauge the speed at which opportunities progress from stage to stage and the average sales cycle time it takes them.

Establishing a pipeline velocity metric specific to your company allows you to accurately predict sales results in present quarters. It also helps you determine the actions and activities needed to ensure adequate pipeline for future quarters.

Using the four variables below you can build a basic pipeline velocity calculation that helps predict if future sales will increase or decrease, based on current business conditions. Remember, the key to increasing velocity is to increase the first three variables while decreasing number 4 (sales cycle length).

### Sales Pipeline Velocity Comparison

	Example 1	Example 2
Number of <i>qualified</i> opportunities	10	10
Close Rate	25%	25%
Average dollars/sale	\$100,000	\$100,000
Length of the sales cycle	60 days	50 days
Velocity Calculation	10 X 25% X 100K /60	10 X 25% X 100K /50
<b><i>Pipeline velocity</i></b>	<b><i>4.166</i></b>	<b><i>5.0</i></b>

In this comparison simply reducing the sales cycle from 60 to 50 days improves pipeline velocity 20%. Similar gains are possible by increasing both deal size and quantity, and improving close rates.

As you become more confident in the accuracy of this metric you can continue to fine-tune it by adding additional variables, such as lead progression rates from unqualified to qualified and total opportunities required by sales stage. This will become helpful in determining additional top of the funnel activities required to continue a healthy flow of prospects for your sales team.

Now you know your sales targets (Chapter 1), and your revenue model of your pipeline (Chapter 2). So it's time to fill up that lead funnel!

## ADDITIONAL RESOURCES FOR BUILDING THE REVENUE MODEL

[Do I Have Enough Pipeline Calculator!](#)

[Sales Revenue Forecasting the 5 Most Important Numbers](#)

[Revenue 2012: Making it Happen vs. Hoping it Happens!](#)

[How To Tell If Your Sales Pipeline Has Enough Velocity](#)

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## Chapter 3: Fill The Funnel

At the start of a new sales year, your lead generation team is undoubtedly working hard to target and pursue the right kinds of leads, *or is it?* Too many companies fail to spend the necessary time **defining and profiling** their ideal client. Often they look only at one-dimensional elements such as geography or vertical and then attempt to pursue every prospect in the segment.

*Usually in this scenario Reps are left to “self-select” targets, which is generally a very poor practice.*

### DEFINE YOUR PERFECT PROSPECTS

Before *winning* business from your *perfect customer* you first must *determine* your *perfect prospect*. Market segmentation is not a sexy practice these days, like say, designing a social media strategy, but it's one of THE MOST time-tested and important components of building a successful sale plan.

“Close rates of forecasted wins are 9% higher for companies with a formal prospect definition process.”  
CSO Insight's 2011 Sales Optimization Performance

Focusing on these five dimensions of prospect profiling will get you immediate benefit.

*Close rates of forecasted wins are 9% higher for companies with a formal prospect definition process.*

**CSO Insight's 2011 Sales Optimization Performance**

1. Target **industries** where you have expertise, leverage and references
2. Target **company sizes** where you can be most successful
3. Target companies that can generate your goal for **average deal values** (these were defined in Chapter 2. Building the Revenue Plan)
4. Identify the **Priority Shifts** that signal a prospect will now be 'looking' for answers to a business challenge or problem that your company can solve
5. Understand the **Titles and Roles** of the decision makers and influencers you need to reach so you can differentiate them in your lead database

(See the Resources section at the end of this chapter for a Sweet Spot Matrix you can download as well as other great tools for market segmentation.)

### DEFINE YOUR LEAD FUNNEL REQUIREMENTS

Your lead funnel (all those contacts in your lead database that meet the definitions you just set for the Perfect Prospect) is highly influential in terms of setting the sales organization up for success. Not enough qualified leads Above the Sales Funnel dooms the sales team to missing the number. It's that simple. How do you get better at managing it? It starts with knowing your goals.

Download our [Do I Have Enough Leads Calculator](#) to help you determine how many total leads you need to be reaching with your outbound demand generation efforts. Here's a screen shot:

Do I Have Enough Leads Calculator					
SECTION ONE - Annual Goals		Step One: Input your revenue goals	Importance		
Pipeline and Opportunity Estimations					
Annual Sales Goal	\$10,000,000		Everything here is based on your revenue goal.		
Average Sale Value (New Contract)	\$1,000,000		Do you need lots of little wins or a few big deals?		
Targeted Winning Percentage	35%		The better your close rate, the fewer leads you need.		
Required Proposed Pipeline	\$28,571,429		Helps you know your pipeline gap!		
Required Wins (at Avg TCV)	10		This one's obvious, based on the above input.		
SECTION TWO - Lead and Opportunity Pipeline Analysis		Step Two: Input the leads you need/have	Percent Advancing	Stage Value	Importance
Lead and Pipeline Stages					
Active Lead Database	8,000	8.0%	\$8,000,000,000	Tells you if you have enough identified leads.	
Leads engaging with site and content	640	50.0%	\$640,000,000	Input your success % for lead engagement.	
Dialogue Occurs - Sales Ready Lead Qualified	320	20.0%	\$320,000,000	How many 'visitors' become willing to talk?	
Opportunity ID'd - Sales Opportunity Qualified	64	50.0%	\$64,000,000	How many discussions turn into opportunities?	
Priced Proposals	32	35.0%	\$32,000,000	The % of opportunities that receive proposals?	
Wins	11		\$11,200,000	Based on your targeted winning % (from above)	
Projected "Wins" Gap to Required Wins	1			<i>Positive number means you achieve your plan; Negative number means you missed.</i>	
Projected "Revenue" Gap - TCV	\$1,200,000				

## CREATING QUALITY LEADS

Now that your marketing and sales teams are clear on the perfect prospect and just how many leads are needed, how do you keep the leads coming? And, not just any leads, but qualified leads that meet all of your criteria. To get better at managing your lead funnel, sales leaders must follow three steps.

### 1. Creating a B2B Sales Lead Process.

- Establish specific stages of a lead pipeline, and then define the exact criteria that allow a lead to progress from one stage to the next.
- Set goals for the number of leads in each of these stages. Measure and report against these goals weekly.

### 2. Formalize and assign the responsibility of Lead Creation.

Today's recognized best-practice is for marketing to own Lead Management – from targeting and identification through the qualification stage where leads are promoted to sales. **If this is possible within your organization, work now to make this happen.**

Apply goals and metrics for how many qualified leads are needed each month to adequately load the top of the sales funnel. You need to create enough leads above the sales funnel so there enough opportunities reaching the pipeline to allow the company to achieve its revenue target.

*You need to create enough leads above the sales funnel so there enough opportunities reaching the pipeline to allow the company to achieve its revenue target.*

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### 3. Create a Lead Management program built on Marketing Automation.

Sales must work with Marketing to create new content that informs your targets and prospects at every stage of the buying process, even after they have started talking to Sales.

Consider content such as white papers, case studies, TCV and ROI calculators, analyst research, comparisons and implementation guides. As this material is consumed by your leads, score their clicks, downloads and pageviews; then work with marketing to define when it's best for sales to call those highest scoring prospects.

Marketing Automation, combined with other best practices such as segmentation enables automated lead nurturing, web-site tracking, lead scoring, personalized communications and lead stage tracking. Make Marketing Automation part of your sales plan – [here's a white paper to help you get started.](#)

#### PIPELINE CHECKUP CHECKLIST

To ensure your Lead Generation efforts are filling the pipeline with quality leads, it's crucial to keep an eye on your sales funnel. At the end of every quarter, sales leaders need to do a full pipeline checkup.

*At the end of every quarter, sales leaders need to do a full pipeline checkup.*

#### Seven-Point Sales Pipeline Checkup

1. Total values by each probability (sales) stage. (Is the curve healthy?)
2. Durations of opportunities through each sales cycle – compare total length of time for wins vs. losses. *Rule of thumb: Losses take twice as long to reach decision stage as wins.*
3. Benchmark current closing rates to previous periods and targeted rates. *(Even slight changes from targeted win rates can significantly impact the year's sales outcomes.)*
4. Calculate average deal sizes for both annual billable revenue and total contract value. *(Are you tracking to the goal for average deal size?)*
5. Measure the percentage of pipeline from existing vs. new accounts. *(How successful are sales efforts on new logos?)*
6. Subtotal pipeline values by region, division, service / product line, team leader and account executive. *(Helps isolate the strong vs. weak performers.)*
7. Graph pipeline values based on projected close dates. *(Are your wins projected to occur evenly throughout the year or are you hoping for that famous 'hockey stick' fourth quarter?)*

#### ADDITIONAL RESOURCES FOR FILLING THE FUNNEL

[Sweet Spot Matrix Download](#)

[Increasing Sales Effectiveness with Marketing Automation](#)

[Above the Sales Funnel: How to Measure Your Lead Pipeline](#)

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## Wrap Up

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Matt is a member of the [Marketing Automation Software Advisory Board](#), founder / co-chair of Dallas Social Media Breakfast and past chair of the Outsourcing Institute's Road Show Series.

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