

# Planning, Sales Forecasting and Budgeting

## THIS CHAPTER WILL ENABLE YOU

- To understand strategic planning and its linkage to strategic marketing and sales
- To know how sales strategies are developed for individual customers
- To learn the basic terms used in forecasting, the approaches and the methods of sales forecasting
- To know what is a sales budget, its purposes, methods used for money allocation, and the process or procedure for establishing a sales budget

### ■ INTRODUCTION

Planning is deciding now what we are going to do later, including how and when we are going to do it. Without planning we cannot get anything done efficiently and effectively. Successful companies practice market-oriented strategic planning. The aim of strategic planning is to achieve targeted profits and growth in the face of continual changing markets and environment. An effective strategic plan includes strategic marketing, and strategic sales. Market oriented organisations stay close to the customers and ahead of competitors.

### ■ STRATEGIC PLANNING

Strategic planning includes making decisions about the company's long-term objectives and strategies. Senior managers are responsible for the development and implementation of the strategic plan. In most large, multiproduct and multibusiness organisations, planning is done at three or four organisational levels: (i) corporate strategic plan, (ii) divisional and/or business units strategic plans, and (iii) product functional plans, as shown in Fig. 3.1.

#### **Corporate Strategic Planning**

Corporate strategic planning is developed at the company's headquarters to guide the whole organisation. The planning process includes four steps or planning activities: (i) developing corporate mission and objectives, (ii) defining strategic business units (SBUs), (iii) allocation of resources to SBUs, and (iv) developing corporate strategies to fill the strategic planning gap.