**Assignment # 15: Sales Forecasting**

1. On **page #** **2** of this assignment, review the sample of a bottom up sales forecast. This type of forecasting uses information from your market research to best estimate the sales you will get for every different type of marketing activity.
2. Using **Work Sheet 10: Bottom Up Sales Forecast** on **page # 3** create your own bottom up sales forecast.
3. On **page # 4** review the 12 - Month Sales Forecast Sample.
4. Using **Work Sheet 11: 12 - Month Sales Forecast** on **page #5** complete your own12-month sales forecast using your final answer from the work sheet on **page #3**. Use this number in the ‘*Maximum Monthly Sales’* row of the 12 Month Sales Forecast worksheet. Label the months beginning with the month that you will be starting business
5. On **page #6** write a sales forecast summary on based on your answers.

**Hint**

* **If you prefer – you can use a top-down sales forecasting method instead.** This method involves using your market research to best estimate what percentage share of the entire market will be yours. Refer to your participant manual for more information. If you use this method – please describe how you came to your sales estimate on **page # 6**. Use your maximum sales figure from this method in the **Work Sheet 9: 12 - Month Sales Forecast** on **page # 5**.

**BOTTOM UP SALES FORECAST SAMPLE**

**Chinook Cleaning’s Sales Forecast:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activity or Market Research Information** | Assumptions | Sales Forecast |
| Sales Calls | I will make 60 sales calls per month to homes in target neighbourhoods. Stats Can household survey said average $ spent/month on cleaning services = $105 in 2001. Allow for $5 increase (study is 6 years old) | 1 out of every 20 customers will purchase 5 hours of cleaning per month. | $22/hour x 5 hours x 3 customers = $330 |
| Customer List | 8 clients on a customer list who I have met through networking and have agreed to become monthly customers when I open. | The average purchase of cleaning is $110 per month per household | $22/hour x 5 hours x 8 customers = $880 |
| Yellow pages | Yellow pages ad sales department statistics show that my ad can expect 20 calls per month | 5 out of every 20 calls will purchase the average amount of cleaning ($110) | $22/hour x 5 hours x 5 customers = $550 |
| Print Advertising | I will reach 1000 people per month through flyers, ads in the community paper, notices | 2% of the people who receive a flyer will make an order (20 customers).  5 customers average order will be $110.  15 customers will be specialty shorter services (avg $67.45) | $22/hour x 5 hours x 5 customers = $550  15 customers x average sale $67.45 = $1012 |
| **Total monthly sales for all marketing strategies** | | | **$3322** |

**Work Sheet 10: Bottom Up Sales Forecast**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activity or Market Research Information** | Assumptions | Sales Forecast |
| #1 |  |  | Marketing Strategy # 1 Total monthly sales=  \_\_\_\_\_\_\_\_\_\_\_ |
| #2 |  |  | Marketing Strategy # 2 Total monthly sales=  \_\_\_\_\_\_\_\_\_\_\_ |
| #3 |  |  | Marketing Strategy # 3 Total monthly sales=  \_\_\_\_\_\_\_\_\_\_\_ |
| #4 |  |  | Marketing Strategy # 4 Total monthly sales=  \_\_\_\_\_\_\_\_\_\_\_ |
| #5 |  |  | Marketing Strategy # 5 Total monthly sales=  \_\_\_\_\_\_\_\_\_\_\_ |
| **Total Monthly Sales for all marketing strategies:** | | |  |

# 12 - MONTH SALES FORECAST SAMPLE

**Chinook Cleaning’s Sales Forecast:**

$3322.00

* This sample is for Chinook Cleaning, in their start up year.
* They will be **opening in November**, so this **calendar starts with that month**
* They **allow for slower sales in the start up months**
* For this type of business, **Busy season** is September to March at 100% of maximum sales
* **Slow season** is June to August at 60% of maximum sales
* **Variable season** is April and May at 75% of maximum sales

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| **Calculate Using:** | **Nov** | **Dec** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **July** | **Aug** | **Sep** | **Oct** | **Total Annual Sales** |
| **Maximum**  **Monthly Sales** | $3322 | $3322 | $3322 | $3322 | $3322 | $3322 | $3322 | $3322 | $3322 | $3322 | $3322 | $3322 | $39,864  At max. |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Percentage** | 50% | 50% | 75% | 100% | 100% | 75% | 75% | 60% | 60% | 60% | 100% | 100% |  |
| **or** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Decimals** | .50 | .50 | .75 | 1.0 | 1.0 | .75 | .75 | .60 | .60 | .60 | 1.0 | 1.0 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Seasonal Sales** | $1661 | $1661 | $2492 | $3322 | $3322 | $2492 | $2492 | $1993 | $1993 | $1993 | $3322 | $3322 | $30,064  Seasonal |

**Work Sheet 11: 12 - Month Sales Forecast**

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| **Calculate Using:** | **Month 1** | **Month 2** | **Month 3** | **Month 4** | **Month 5** | **Month 6** | **Month 7** | **Month 8** | **Month 9** | **Month 10** | **Month 11** | **Month 12** | **Total Annual Sales** |
| **Maximum**  **Monthly Sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Percentage**  **or**  **Decimals** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Seasonal Sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |

**FINANCIAL**

**Sales Forecast Summary**

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