

Sales Planning for Opportunities AND Threats

By Janet Gregory

Great chart! Up and to the right. Love that forecasted growth. In sales planning it's all about capturing opportunities. But, opportunity capture is only part of the picture. A really strong sales plan also includes contingency planning for threats, risks and hazards.

Sales executives are experts at identifying opportunities. Opportunities can be found in new markets, existing markets and expanding current customer relationships. Opportunities will not be overlooked for upselling, cross-selling, penetration selling and reference selling. Sales Plans are constructed. The plans are challenging, yet realistic. Success is there to be captured. Optimism is high. Confidence is high.

Sales executives believe in the accuracy of their forecasts and underestimate their ability to address threats that may arise in the coming year. Threats to sales plan success tends to be downplayed, or worse, ignored altogether. Threats arise from three sectors. A threat from any sector can strike a fatal blow to a sales plan if not anticipated, identified or addressed.



Sector 1: Preventable threats. These are avoidable and often needless threats. They typically come from within the organization and can be prevented, minimized or eliminated with a little vigilance. An example would be sales force coverage threats which can be avoided with attention to sales turnover, number of regrettable sales resignations and success of recruiting and selection. Unethical behavior, illegal activities or conflicts of interest can be avoided with proper training or review-and-approval procedures. Revenue attainment threats can be minimized with attention to detail in customer handoff between sales and service or contingency planning for new product introductions.

Sector 2: Strategy threats. Every year the sales plan includes subtle or obvious changes to the sales strategy. The threats that arise from sales strategy changes are more clearly seen in hindsight and are often difficult to understand because cause-and-effect is not always clear. Strategy risks arise from compensation plan changes, opening new markets, territory realignment, customer relationship

management adjustments and sales approach changes. Applying some thoughtful “what-if” analysis when instituting sales strategy adjustments can help avoid problems. This type of anticipatory planning often reveals other opportunities that are available for capture, like the sales organization that added a new prospect development team and in the first quarter realized that small customers did not like being “handed-off” and wanted to continue working with their prospect development rep. The issue was anticipated so sales management was able to act quickly to allow small customers to purchase directly from the prospect development team, which also shortened the sales cycle.

Sector 3: External threats. These are threats that the sales team has little or no control over. Economic conditions, natural disasters, political changes and others that are industry specific. Industry specific external threats could be availability of raw materials that affect product delivery. Another example was the US collapse of the mortgage industry in 2008 which had a dramatic impact on real estate, banking and construction industries. Business has little influence or control over these external threats so rapid identification and mitigation are critical success factors. Some external threats are event-driven and cannot be predicted but can be planned for, like the Tsunami in Japan which had a dramatic impact on Japanese automakers. Trend analysis can help to anticipate other external threats. In both cases it requires an open-minded approach to identify likely external threats and how to address them.

What’s missing? It’s the elephant in the corner. Competition. In some cases, sales executives see competition as their only threat and yet, it is not even mentioned in the three sectors above. Competition needs to be addressed independently because it falls into all three sectors. The competitive threat analysis and strategy needs to address all three sectors. Ask the right questions and your business can be prepared with the right competitive counter strategy.



- *Preventable competitive threats:* What is our competitive positioning? What is our unique and compelling value proposition differentiated from the competition? How effectively is that being communicated to the marketplace and to customers? What product/service development is underway to keep us differentiated from competition?
- *Competitive strategy threats:* What markets & customers do we “own”? What are we doing to maintain and strengthen our position in those markets & customers? How do we diffuse competitive messaging & positioning so that customers continue to prefer our solutions? How can the voice of our customers be heard when we have prevailed in a competitive win or displacement?
- *External competitive threats:* Where might they come from ... known industry competitors, substitutes, edge players or outsiders? What are or will we be doing to keep ahead of these competitive threats? How do we protect our position within existing customers?

This is hard to do. Human nature in general does not like to dwell on potentially negative attributes like risks, failure, problems, dangers, hazards. If we did there would not be lotteries or the multi-billion dollar gaming industry because the risk of loss is so high. Sales people are self-selected to be eternal optimists, cheerleaders and promoters. When was the last time your sales team did an in-depth win/loss review or competitive defeat analysis? It is just not natural, especially for sales people.

Early warning signs of threats are often ignored or treated as false alarms. In 2007, Nokia, the #1 cell phone manufacturer, misread the iPhone introduction as a “poor quality cell phone.” Today Nokia is not a player in the booming mobile phone market and is threatened with bankruptcy. Threat identification

and analysis requires discipline. Effective threat analysis can transform your sales operations. It *can be done* and the results will surprise you with continued and more predictable sales success.

Create a threat map. Be committed. Write it down. Define the threat. What could be the impact or effect of that threat on the sales plan? What are the leading indicators? What potential actions can the company take to mitigate, reduce or eliminate the threat? Who will be accountable for addressing the situation if it arises? What are the current indicators for trending of this potential threat?

Here is an excerpt from one of my client's threat map.

Threat	Impact to Sales Plan	Leading Indicators	Actions to Mitigate	Owner	Current Trend
Territory coverage (preventable)	<ul style="list-style-type: none"> Drop in new sales Customer retention Drop in add-on sales 	<ul style="list-style-type: none"> Performance plan numbers Turnover 	<ul style="list-style-type: none"> Coaching & mentoring Buddy program Sourcing & selection 	<ul style="list-style-type: none"> First line sales mgr 	↔ Stable
Comp plan changes (strategy)	<ul style="list-style-type: none"> Focus change Revenue imbalance 	<ul style="list-style-type: none"> CRM activities Forecast 	<ul style="list-style-type: none"> Coaching to balance Sales contest Last resort: adjust comp plan 	<ul style="list-style-type: none"> First line sales mgr Sales Ops 	↑↑ Positive
Rise in interest rates (external)	<ul style="list-style-type: none"> Drop in leasing business 	<ul style="list-style-type: none"> Lease apps Forecast lease deals 	<ul style="list-style-type: none"> Lease webinar for customers to lock in low rates Education for sales positioning 	<ul style="list-style-type: none"> Sales Ops Leasing partner 	↓↓ Interest rates are rising

Decidedly more difficult is to rate the threats on the threat map. Ideally this would be part of the annual business planning cycle where company executives rate the threat map for each other's functional discipline: sales, marketing, engineering, production, finance, etc. If you think threat identification is hard for sales it is *an order of magnitude* harder for a cross-functional assessment. Cross-functional threat rating is difficult and painful due to organizational dynamics, silos, rivalries, trust and competition for resources combined. But, if your organization can cross that bridge, the outcome can be surprising in identifying new opportunities, building alliances between departments and revitalizing company strategy. So this is not just about sales planning and sales success any more. This can be about company planning and company success. That is up to you, on how far you want to take it.

How do you rate the sales threats on the threat map?

1. Create a point system: 1-5, 1-10, whatever.
2. Select a "team of experts." They can be within the sales management team or cross-functional.
3. Define a list of questions that will be rated by your "team of experts."
 - What's the likelihood of this threat occurring?
 - What is the strength of our organizational ability to identify the threat?
 - What is our organizational ability to respond to the threat?
 - What would be our rate (speed) of response?
 - Is there ownership & accountability for identification and response to this threat?
 - Who should have the ownership and accountability?
4. Ratings are anonymous (there are tools you could use like Survey Monkey, Zoomerang, others).
5. Conduct an open meeting of the "team of experts" to discuss and finalize the threat map.
6. Publish your threat map to the sales management team.

A well-balanced sales plan aggressively explores both opportunities and threats. Make this year's sales plan stronger than ever.

This article was inspired by and draws from "Managing Risks: A New Framework" by Robert S. Kaplan and Anette Mikes that appeared in the June 2012 issue of Harvard Business Review. You can find that article at www.hbr.org.

On the KickStart Alliance website (www.kickstartall.com), check out these other articles on sales planning:

- ["Sales Planning"](#) which explores various plan types: classic, cycle time, buying cycle & ecosystem.
- ["Building a Successful Sales Plan"](#) defining the various perspectives of a sales plan: tops down, bottoms up, outside-in and in-side out.
- ["Five Crucial Considerations for Sales Planning"](#) that discusses prerequisites, critical path, essentials, nuts & bolts and action tests.
- ["Sales Plan Shock"](#) that outlines the attributes of a good sales plan: drive, understanding, commitment, flexibility, communication, accountability, recognition and execution.

Janet Gregory is a veteran sales executive and co-founder of KickStart Alliance. For assistance with sales strategy, sales planning, training, sales enablement, compensation or any aspect of sales operations, contact [Janet](#). Janet leads the sales readiness practice at KickStart Alliance. For help in aligning sales & marketing for results contact any member of the [KickStart Alliance team](#).