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3.180 – Sales Tools – SalesProjectionPBG.pdf – **Calculate Your Sales Projection Every Day** – also known as the **PBG Report** – Know where you are in relation to your budget as well as your sales goal **every day**. Tom Crouser says drive with your headlights, not your rear view mirror. This paper shows an easy way to project where you are in relation to your goal. Determine your sales month-to-date; divide by the number of days you have been open; and multiple that by the number of days you are going to be open. That results in your current pace or sales projection for the month. Compare that with your Budget Goal and your Sales Goal and you will see precisely how you are doing quickly and efficiently. How often should you do it? Every day! Plus understand sales goals vs. financial goals and more in this paper. Added September 22, 2008

September 22, 2008

Turning Your Headlights On: Calculate Your Sales Projection Every Day

By Tom Crouser

Problem with many business owners is that they manage by looking out the rear view mirror. The rear view mirror is last month's financial statements and last month's sales results. That would be a heck of a way to drive a car and it's not appropriate to drive a business either. That's not to say that financial statements and sales totals are not important. They are extremely important for they are the basis for the budget and sales goal. But to drive the business, you must know where you are right now while you have the opportunity to do something about it. **So, how do you know where you are in relation to your goal?**

Following is how you calculate that.

Step One: Number of Days You Will Be Open

Look at a calendar and determine how many days you will be open for business this month. Let's say it is 22.

Step Two: Number of Days You Have Been Open

Count the number of days you have been open. Let's say you have been open 8 days so far this month.

Step Three: Total Sales Month to Date

Find out how much you have billed \$24,000 so far this month. You typically find this through your Estimating or Point of Sale computer system or cash register.

Step Four: Determine Sales Pace per Day

Divide *Total Sales Month to Date* (step three) by the Number of Days You Have Been Open (step two) = or $\$22,000 / 8 \text{ days} = \$3,000 \text{ Sales Pace per Day}$



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Step Five: Sales Projection

Multiply the *Sales Pace per Day* (step four) x *Number of Days You Will Be Open* (step one) = *Sales Projection* = \$3,000 x 22 = **\$66,000**

Your PBG

The first thing you should report is your PGB. What's that?

P is your Projection or the amount you would sell this month if all days in the month average the same amount you have averaged so far in the month. In other words, it is the net result of Step Five above.

B is your monthly Budget. Obtain this from your latest budget.xls (*your consultant will be glad to provide this number to you if you wish*). Divide the Total (Income) Sales in the Initial Yearly Budget column (cell H16) by 12 months to get the monthly budget amount. That is your B number.

G is your sales Goal. What is it? Typically we would place it 20% higher than the budget goals which often is based on the amount of sales needed in order to meet your financial budget which is often the point where we don't lose money. Should your budget include over 20% Income before Owner's Compensation and you have a 2:1 current ratio and more than 30 days' cash on hand and your budget will result in at least a 15% sales growth over the last three years, then you can modify G. Otherwise, it should be 20% greater than B.

Reporting Your PBG

Now the simple part, to report your PBF to your board, your brain trust or your consultant – just simply include the three numbers:

P: \$55k

B: \$50k

G: \$60k

You don't have to say or write anymore. You may choose to, but the PBG belongs in front for it immediately cuts through a lot of rhetoric and gives the reader a very precise picture of where you are.

How Often?

This calculation should be performed at the beginning of each work day based on the sales through the previous business day. Your actual reporting procedure will vary depending on your requirements. Nevertheless, this is how it is done.

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