Sales Projection Process

Sui Generis Team

Process for Sales Projection

Process Documentation Template:

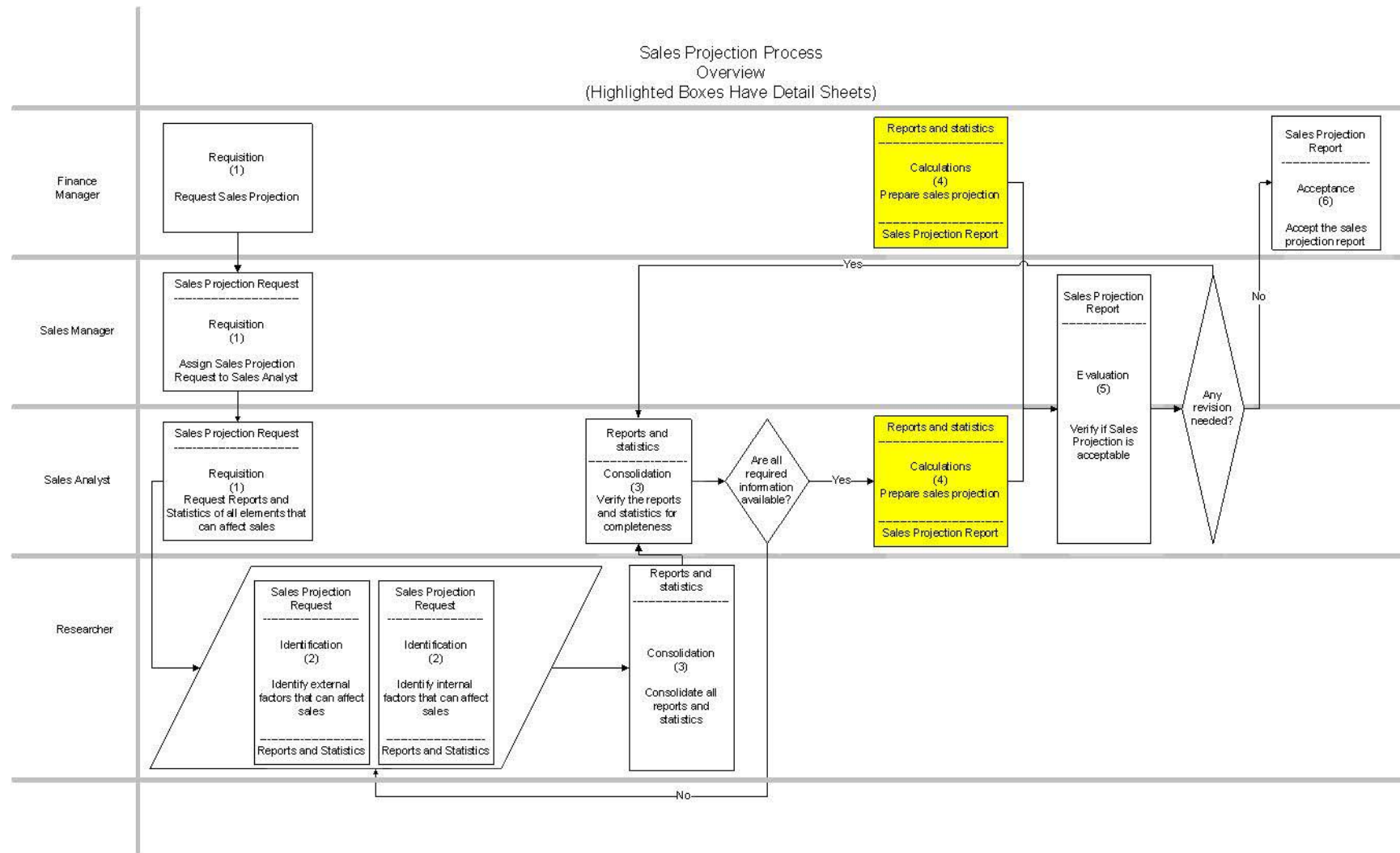| Item	Description
Process Title	Sales Projection (Sales Forecasting) Process
Process #	CMPE202-5-Sui1
Date	September 29, 2006
Created/Modified By	Sui Generis Team
Rationale	A sales projection is an input for business planning.
Definitions:	**A) Sales Projection** A sales projection provides an estimate of a company's prospective sales for a given timeframe. A sales projection can be prepared for each product and/or service that the company is offering. The figures comprising the sales projection are derived based on past sales figures (when applicable), the current inflation rate, along with reports and statistics regarding pertinent internal and external factors. A sales projection is also known as a *sales forecast*.

	B) Sales Projection Time Period
	
	The time period (also referred to as *frequency* or *timeframe*) for a sales projection defines how much of the future to take into account when computing for the figures.
	
	The most commonly used are:
	   o monthly
	   o quarterly
	   o yearly

	C) Factors Affecting Sales Projection There are various factors that may adversely or positively affect the computation for sales projection based on their direct

or indirect impact in the company's business plan.

These factors include:

External Factors
- Seasonality of the business
- Relative state of economy
- Direct and indirect competition
- Political events
- Styles or fashions
- Consumer earnings
- Population changes
- Productivity changes
- Product enhancement and new products

Internal Factors
- Labor problems
- Credit policy changes
- Sales motivation plans
- Inventory shortages
- Working capital shortage
- Price changes
- Production capability shortage
- New product lines
- Expected cost of raw materials, storage, shipping
- Product past sales
- Present market share
- Recent trend in Sales

Sales Projection Process	The typical phases of a sales projection process are as follows: **1 Requisition** 　**1.1** The Finance Manager requests for sales projection figures from the Sales Manager. 　**1.2** The Sales Manager assigns the tasks of preparing the sales projection from the Sales Analyst. 　**1.3** The Sales Analysts issues a request to the Researcher for reports and statistics for external and internal factors that may affect the forecast computations. **2 Assessment** 　**2.1** The Researcher identifies the factors that can affect the sales forecast. 　　　**2.1.1**　The Researcher gathers information regarding the external factors. 　　　**2.1.2**　The Researcher gathers information regarding the internal factors. **3 Consolidation** 　**3.1** The Researcher consolidates the external and internal factors into reports and statistics and presents these to the Sales Analyst. 　**3.2** The Sales Analyst verifies the completeness of the submitted reports and statistics from the Researcher. 　　　**3.2.1**　If all required information is provided,

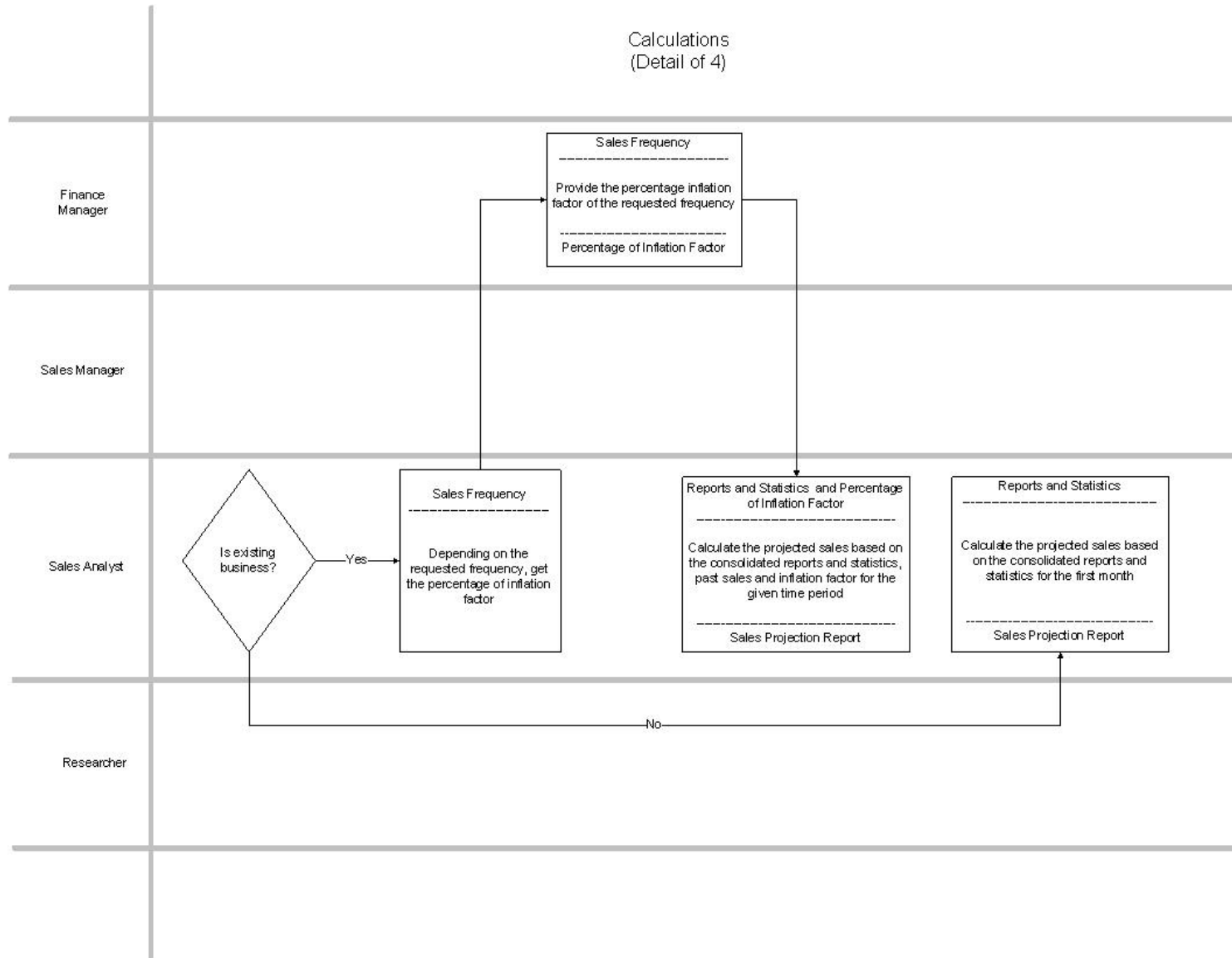|	

	the Analyst proceeds to **step 4**.
	3.2.2 If not, the Analyst requests the Researcher to re-identify the factors that may affect the sales forecast and returns to **step 2.1**.
	
	4 **Calculations**
	4.1 The Sales Analyst determines if the forecast is being calculated for an existing company or a new one.
	        4.1.1 If the company is an existing business, Sales Analyst proceeds to **step 4.2**.
	        4.1.2 If the company is a new business with no past sales records, the Sales Analyst proceeds to **step 4.5**.
	4.2 The Sales Analyst determines the time period to be used for the calculations and requests the Finance Manager to provide the percentage of inflation factor given that frequency.
	4.3 The Finance Manager provides the percentage of inflation factor back to the Sales Analyst.
	4.4 The Sales Analyst calculates the sales projection figures for the given time period based on:
	    - reports and statistics provided by the Researcher
	    - actual past sales figures
	    - percentage of the inflation factor
	4.5 The Sales Analyst calculates the sales projection figures for the first month based on the reports and statistics provided by the Researcher.
	
	5 **Evaluation**
	5.1 The Sales Manager verifies if the sales projection calculations are acceptable with the Sales Analyst.
	        5.1.1 If the Sales Manager proposes revisions, the Sales Analyst will reconstruct the projection and re-evaluate the reports and statistics provided by the Researcher and returns to **step 3.2**.
	        5.1.2 If there are no revisions required, the Sales Manager forwards the sales projection to the Finance Manager.
	
	6 **Acceptance**
	6.1 The Finance Manager accepts the sales projection provided by the Sales Manager.

Roles & How	The participants on a sales projection process and a general description of their responsibilities are as follows:
	
	Finance Manager
	  • The Finance Manager requests for sales projection figures from the Sales Manager whenever business planning is required.
	  • The Finance Manager provides the percentage of inflation factor to the Sales Manager based on the

	frequency specified by the Sales Manager.
	• The Finance Manager accepts the sales projection once available from the Sales Manager.
	Sales Manager
	• The Sales Manager assigns the task of computing for the sales projection figures to the Sales Analyst.
	• The Sales Manager reviews the output from the Sales Analyst and proposes revisions to the calculated sales projection figures whenever required.
	• The Sales manager presents the final sales projection figures to the Finance Manager.
	Sales Analyst
	• The Sales Analyst requests for reports and statistics for factors that may affect the sales forecast from the Researcher.
	• The Sales Analyst reviews the reports and statistics provided by the Reseacher and requests for additional information if required.
	• The Sales Analyst calculates the sales projection for the given time period.
	• The Sales Analyst reviews the calculations with the Finance Manager and revises the calculations if requested.
	Researcher
	• The Researcher gathers information on the internal and external factors that may affect the sales forecast.
	o The Researcher conducts market research from online sources, trade journals, and other related publications.
	o The Researcher coordinates with various other teams within the company (i.e. Marketing, Sales, Finance, Production/Inventory, HR/Legal).
	• The Researcher consolidates information gathered into reports and statistics and forwards these to the Sales Analyst.
When	The sales projection is prepared whenever business planning takes place.
Regulations	**Costs**
	The personnel expenses expected for the duration of this process is as follows:
	1 Finance Manager – 3 hours x $45/hr = $135
	1 Sales Manager – 5 hours x $55/hr = $275
	1 Sales Analyst – 20 hours x $31/hr = $620
	1 Researcher – 12 hours x $32/hr = 384

	Total Estimated Costs: $1414
Checklists	None
Forms	None
Notes	

SYMBOLIC NOTATION:

Sales Projection Process
Overview
(Highlighted Boxes Have Detail Sheets)

Calculations
(Detail of 4)

Finance Manager

Sales Frequency
————————————————————
Provide the percentage inflation factor of the requested frequency

————————————————————
Percentage of Inflation Factor

Sales Manager

Sales Analyst

Is existing business?

Yes

Sales Frequency
————————————————
Depending on the requested frequency, get the percentage of inflation factor

Reports and Statistics and Percentage of Inflation Factor
————————————————————
Calculate the projected sales based on the consolidated reports and statistics, past sales and inflation factor for the given time period

————————————————————
Sales Projection Report

Reports and Statistics
————————————————————
Calculate the projected sales based on the consolidated reports and statistics for the first month

————————————————————
Sales Projection Report

No

Researcher

Mapping the Graphical Inspection Process to Roles

This document describes the activities of each person with a role in the data flow diagram process for each phase.

FINANCE MANAGER:

Requisition:
- Provide Sales Projection request to the Sales Manager

Calculations:
- Provide the percentage of inflation factor for the recommended frequency, i.e. monthly, quarterly, or yearly to the Sales Manager.

Acceptance:
- Accept the final sales projection report from the Sales Manager.

SALES MANAGER:

Requisition:
- Assign the Sales Projection request to the Sales Analyst.

Consolidation:
- Verify the completeness of the information gathered regarding the external and internal factors.
- If any other information is deemed necessary, request the Researcher to provide the missing information.

Evaluation:
- Verify the completeness and correctness of the Sales Projection report submitted by the Sales Analyst.
- If any revision is needed, request revisions on the Sales Projection report from the Sales Analyst.

SALES ANALYST:

Requisition:
- Request Researcher to gather reports and statistics of all elements that may affect the sales projection.

Consolidation:
- Review and verify completeness of the reports and statistics submitted by the Researcher.
- If more information is needed, request Researcher to provide the missing the information.

Calculations:

- If the company is already an existing business, calculate the projected sales based on below criteria:
    - Percentage of the inflation factor depending on the requested frequency (based on information provided by the Finance Manager).
    - Past sales figures depending on the requested frequency.
    - Consolidated reports and statistics from the Researcher.
- If the company is new, calculate the projected sales for the first month based on the consolidated reports and statistics.

Evaluation:

- Present the Sales Projection report to the Sales Manager for verification.
- If any revisions have been requested by the Sales Manager, revisit the Consolidation phase.
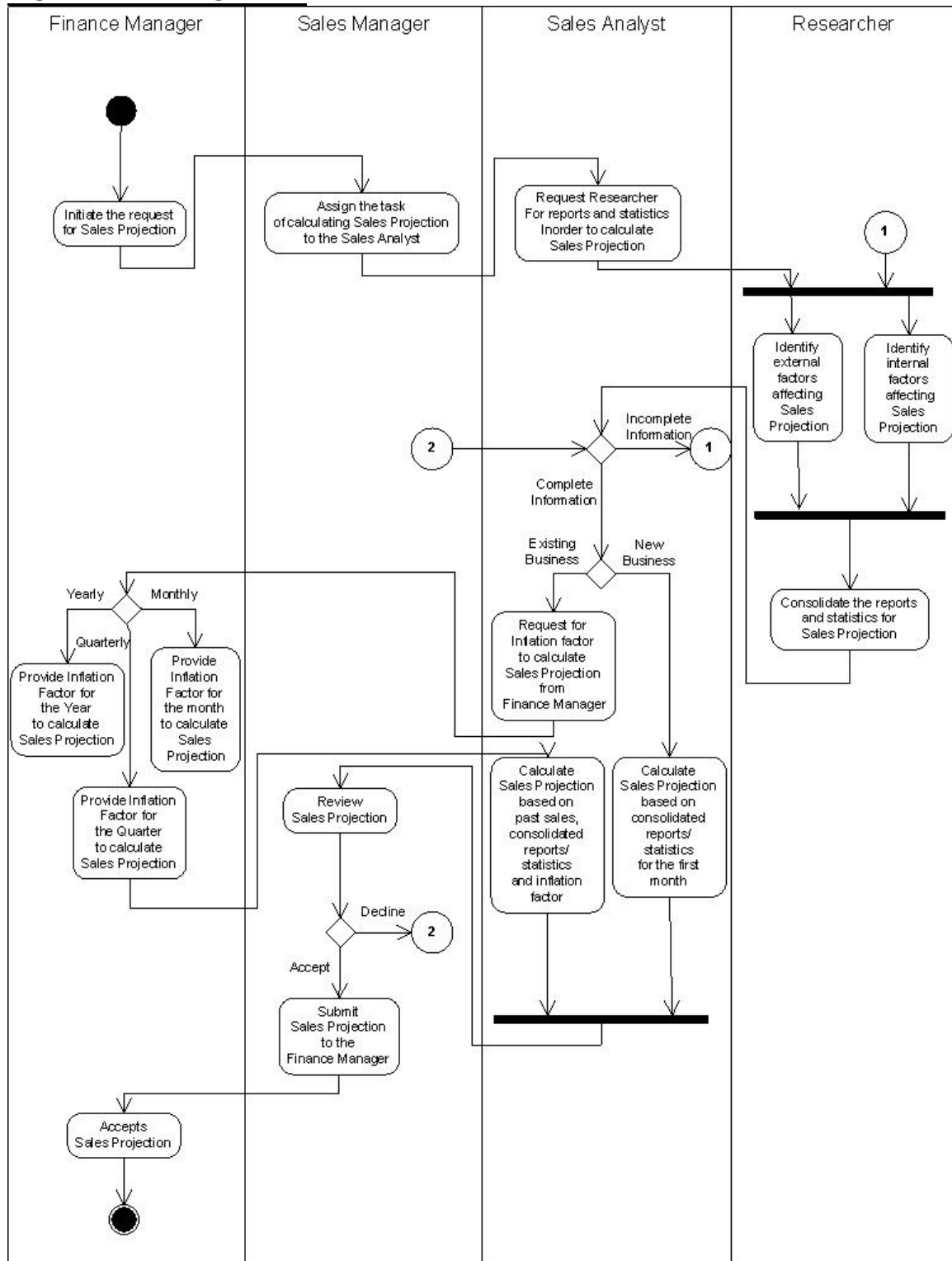
RESEARCHER:

Identification:

- Identify external factors that can affect sales.
- Identify internal factors that can affect sales.

Consolidation:

- Consolidate all reports and statistics and forward to Sales Analyst for verification.

ACTIVITY DIAGRAM:

Finance Manager	Sales Manager	Sales Analyst	Researcher

Initiate the request for Sales Projection

Assign the task of calculating Sales Projection to the Sales Analyst

Request Researcher For reports and statistics Inorder to calculate Sales Projection

1

Identify external factors affecting Sales Projection

Identify internal factors affecting Sales Projection

2 → Incomplete Information → 1

Complete Information

Consolidate the reports and statistics for Sales Projection

Existing Business

New Business

Yearly / Monthly

Quarterly

Provide Inflation Factor for the Year to calculate Sales Projection

Provide Inflation Factor for the month to calculate Sales Projection

Request for Inflation factor to calculate Sales Projection from Finance Manager

Provide Inflation Factor for the Quarter to calculate Sales Projection

Review Sales Projection

Calculate Sales Projection based on past sales, consolidated reports/ statistics and inflation factor

Calculate Sales Projection based on consolidated reports/ statistics for the first month

Decline → 2

Accept

Submit Sales Projection to the Finance Manager

Accepts Sales Projection

COMPARISON
(Sales Projection)

Criteria	Techniques For Comparison			
	Symbolic Notation	Map the Graphical Process to Roles	Process Documentation Template	UML Activity Diagram
Simple	No	Yes	No	No
Complete	Yes	No	Yes	Yes
Dynamic vs. Static	Dynamic	Static	Static	Dynamic
Graphical/Visual	Graphical	Not graphical	Not graphical	Graphical
Repeatable	Yes	No	Yes	Yes