

How BIG can
my business
be?

Steps to
Forecasting sales



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Objective:

To consider and apply various methodologies to estimating the future sales of your business.



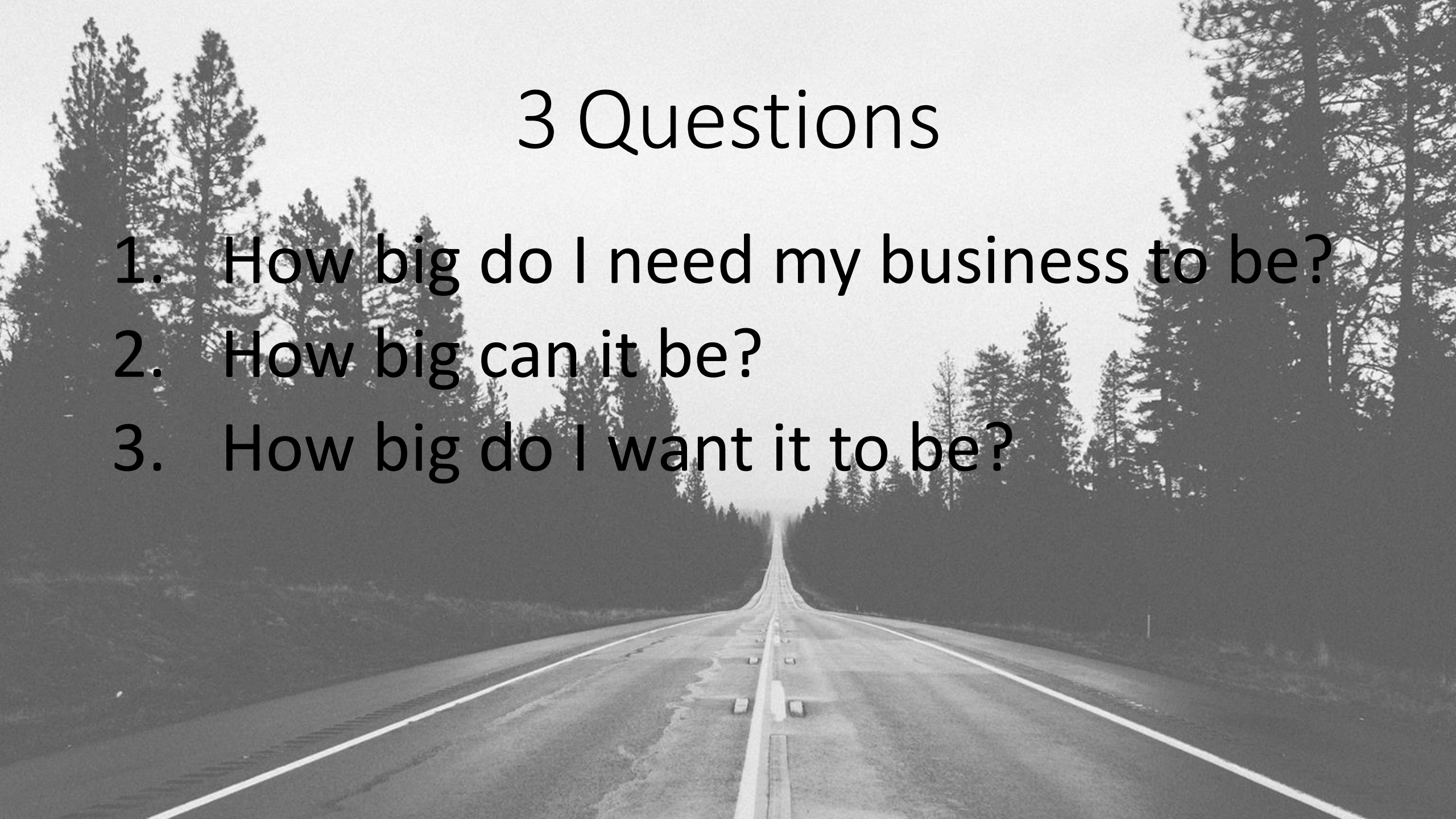
Agenda:

1. Your common denominator
2. Three Business Questions:
 1. How big do I need it be?
 2. How big can it be?
 3. How big do I want it to be?
3. A Fourth Method
4. Thoughts and considerations



3 Questions

1. How big do I need my business to be?
2. How big can it be?
3. How big do I want it to be?



A successful Business

Enough People

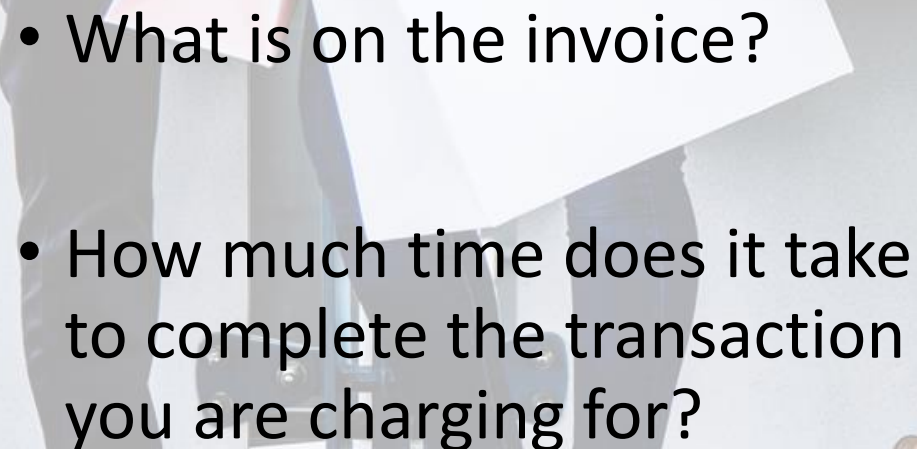
Willing to pay enough \$

Often enough....

Enough?

...cover the costs of running the business, to pay yourself, and keeping some money in the business so it can grow.

- You are writing out an invoice.

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- A person is holding a large white sheet of paper, likely an invoice, against a background of a city skyline. The paper is held up by two hands, and the person's legs are visible in the foreground. The background shows a city skyline with buildings and a bridge, possibly the Golden Gate Bridge, under a clear sky. The overall image is slightly blurred, giving it a candid, real-world feel.
- What is on the invoice?
 - How much time does it take to complete the transaction you are charging for?

Your Company Name		INVOICE	
<i>Your Company Slogan</i>			
Street Address		DATE:	Date
City, ST ZIP Code		INVOICE #	100
Phone [number] Fax [number]		FOR:	Project or service description
Bill To:			
Name			
Company Name			
Street Address			
City, ST ZIP Code			
Phone			
		TOTAL \$	

Make all checks payable to Your Company Name

If you have any questions concerning this invoice, Contact Name, Phone Number, E-mail

THANK YOU FOR YOUR BUSINESS!!

Pitching to a Dragon



Methods of Forecasting

- What I need to survive and thrive.
- Goals, objectives and dreams.
- Market potential
- How much time do I have?
- What will limit me?
- S.W.A.G.
- Divination

How big does my business need to be?

- What will it cost to run your business (monthly)?
- How much do you need to be able to pay yourself?
- How much profit (money left over) do you want/need to have?

Personal Budgeting



O=Obligations

N=Needs

W=Wants


Personal \$\$\$\$

O

N

W

Business

A group of people, including men and women, are standing outdoors. They are holding various shopping bags, such as white, black, and brown paper bags. The image is slightly faded, serving as a background for the text.

How big do you want it to be?

- How many potential customers do you have?
- How many competitors?
- How big is your potential market?
- How often do they buy?
- How much will they pay?

Your market potential

Your Market

/

Number of competitors +1

x

Frequency

x

Price

=

Potential:

The maximum sales
based on the
potential number of
customers.



How much time do you have?

- How much time does it take to complete the job you are invoicing for?
- How many of those can you do in one day?
- How many operating days do you have per year?
- What is the price you are charging for that product/service?

A formula

Number of units per day

x

Operating days per year

x

Price per unit

=

Capacity:

Maximum sales based
on your ability to
produce.



3 Numbers-Which is the correct one?

1. What you need?

2. What you can produce?

3. What your market will bear?

A fourth approach

1. Take a calendar for the next year
2. Each month ask yourself.
“What will limit the number of units I can sell this month?”
3. Write that number down
4. Total for the year
5. Compare with Top Down, Bottom up and Needs Amounts

2021 Calendar

JANUARY							FEBRUARY							MARCH						
Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
				1	2	3	1	2	3	4	5	6	7	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28
25	26	27	28	29	30	31								29	30	31				

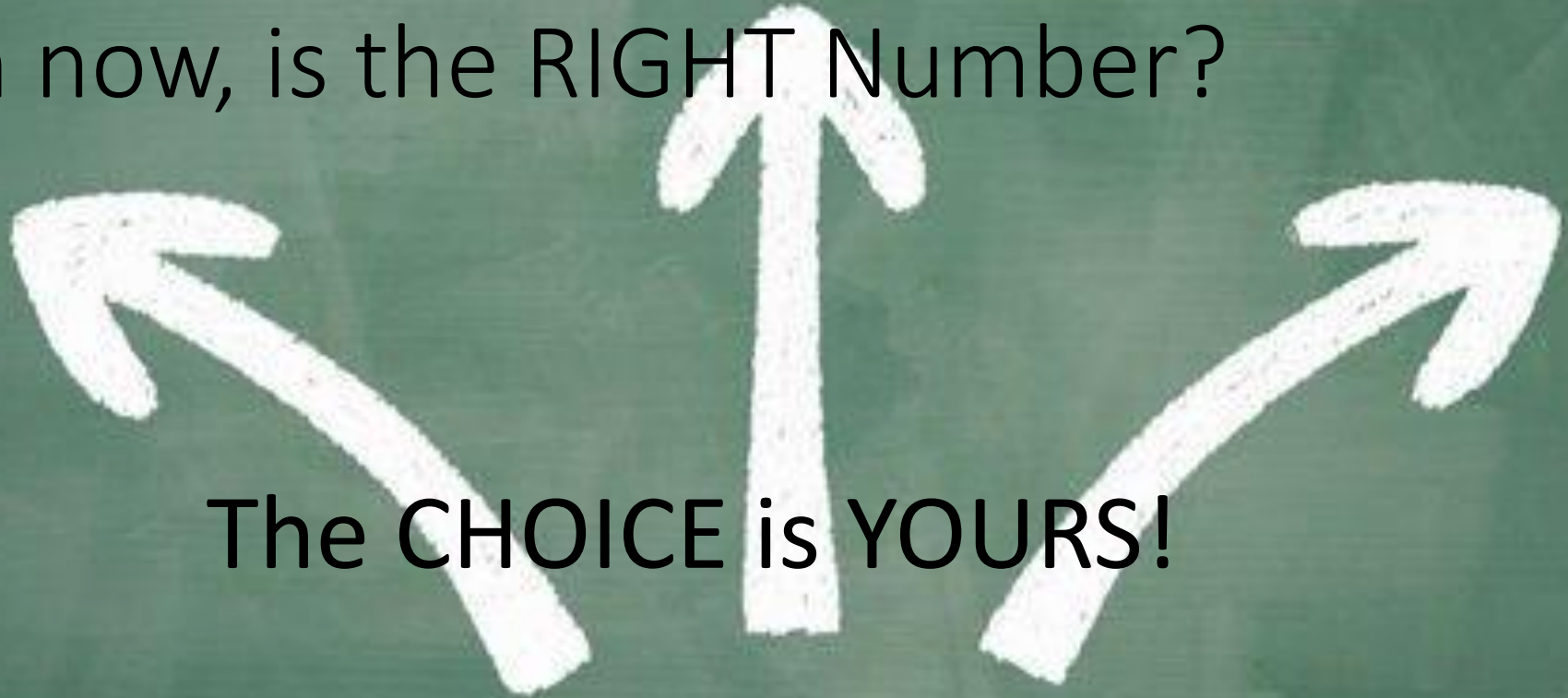
APRIL							MAY							JUNE						
Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
						1	1	2	3	4	5	6	7	1	2	3	4	5	6	7
5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13
12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20
19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27
26	27	28	29	30			24	25	26	27	28	29	30	28	29	30				
							31													

JULY							AUGUST							SEPTEMBER						
Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
					1	2							1							5
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	7	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	13	14	15	16	17	18	19
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26	27	28	29	30	31		23	24	25	26	27	28	29	27	28	29	30			
							30	31												

OCTOBER							NOVEMBER							DECEMBER						
Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
					1	2	1	2	3	4	5	6	7							5
4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12
11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
25	26	27	28	29	30	31	29	30						27	28	29	30	31		

Which now, is the RIGHT Number?

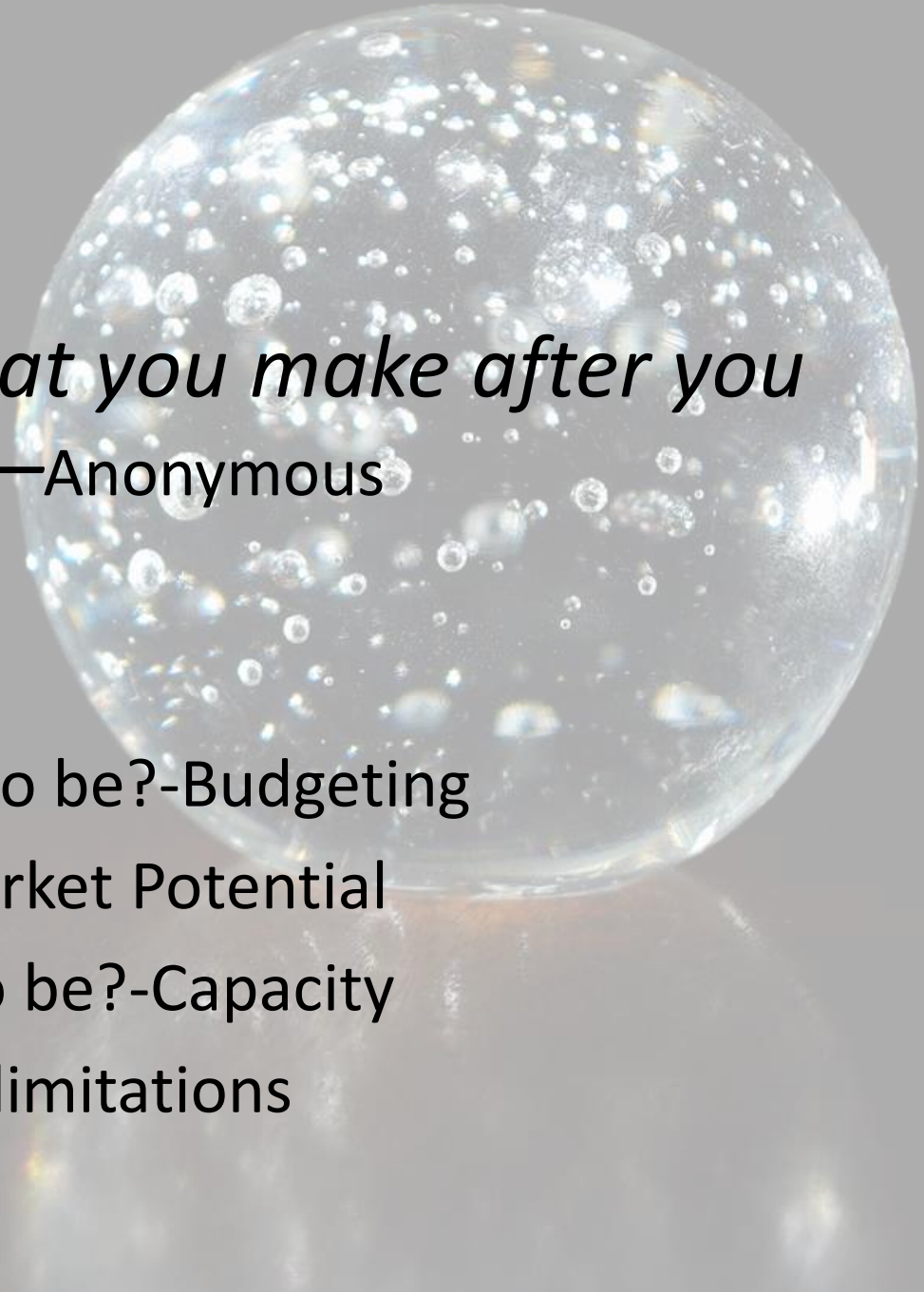
The CHOICE is YOURS!



Summary:

“An educated guess is one that you make after you have all of the information.” —Anonymous

- Methods of forecasting
- 3 Questions:
 1. How big does my business need to be?-Budgeting
 2. How big can my business be?-Market Potential
 3. How big do I want my business to be?-Capacity
- A fourth approach- Calendars and limitations



How big can my business be?

Q & Eh?

