# The Science of Setting Goals

In last month's column, I wrote about how competitive people need something to compete against. I know that, because I am one of them, and sometimes, I wrote, the best way to feed your competitive nature is against your own goals.

I think the timing is right to write more about that today, because we are getting close to the point where you should be finalizing your own goals for 2016. Have you thought about how much you plan to sell in 2016? Please notice, by the way, that I am not asking how much you *hope* to sell. Planning and goalsetting go hand in hand. The goal is the first stage. The plan to accomplish the goal must come next, otherwise you probably are in a *hope* situation.

**Sales Or Earnings?**

When I go through this exercise every November and December, my sales goal is actually a secondary goal. My primary goal each year is an earnings goal. I start by determining how much money I want to make, then I calculate how much I will have to sell in order to achieve that earnings goal. The arithmetic is usually pretty straightforward. I know how much I earn for a typical speaking engagement, consulting visit, book sale, etc., so I build a forecast around individual goals for each activity. In other words, X instances of each activity generating $Y sales volume eventually adds up to $Z in earnings, then I make the plan to make it happen.

I would encourage you too to start with an earnings goal. Remember, the primary purpose of goalsetting is to motivate you to achieve the goal. Which is more likely to do that, an arbitrary sales volume figure or actual money that you can spend?

For a printing salesperson, the equation is a little different, but the principle is still the same. Set your earnings goal, then calculate how much you will have to sell based on your own compensation plan. That will yield a sales goal which supports your earnings goal.

**Component Goals**

As noted, I set component goals for each of the various activities I make money from. Again, your equation will be different, but the principle is still the same. Let us say that you finish this year at $900,000 in sales and earn $90,000. Your earnings goal for next year is $100,000, requiring $1,000,000 in sales. (Please don't read anything into that 10% earnings ratio. I am *not* saying that you should earn 10% of your sales volume, or more, or less. I am just using round numbers for the purpose of example.)

Having determined that your sales goal is $1,000,000, where will that come from? At this point, you should consider the likelihood that current customers will spend more, or less, than they did in 2015. Do this based on what you know, or at least what you think you know, as opposed to what you *hope*. (There's that word again. To paraphrase Yoda: Do…or do not. There is no *hope*.)

It is important to do this conservatively, because the difference between what you can expect from current customers and your overall goal must be made up with new business from new customers. This is the area where most salespeople seem to let themselves and their employers down. They do a little prospecting, because salespeople are supposed to do at least a little prospecting, but they do not do it with enough commitment and/or dedication. The result is usually that they do not gain enough new customers to reach their goals.

Let us project that your current customers will generate the same volume as last year. Some will spend more, some will spend less, but it will all even out. That means you have to find $100,000 of new customers to reach a $1,000,000 sales goal. How many customers is that? Obviously, one new $100,000 customer would do it, but is that a reasonable expectation?

Let us project instead that it will take 10 new customers who *average* $10,000 in sales. Now we can ask this question, how many prospects will you have to engage in order to end up with 10 new customers? Again, not reading anything into a 10% ratio, let us say 100. And if you divide 100 "engagements" into 48 working weeks in the year, you end up with a weekly "action standard" of just over 2 per week, and the beginning of a plan. *In order to reach my goals, I must engage 2 prospects every week throughout the year.*

Here is a closing thought for today. If I determined that I needed to engage 100 prospects, I would not divide 100 by 48. I would divide it by 10 instead, and do all of this initial engagement during the first 10 weeks of the year. It makes sense, I think, to give yourself time to build the relationships that will allow you to reach your goals. Do you agree?

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